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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

NINETY-NINTH CONGRESS

FIRST SESSION

ON

H.R. 3244

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1986, AND FOR OTHER PURPOSES

PART 3 (Pages 1-835)

NONDEPARTMENTAL WITNESSES

Printed for the use of the Committee on Appropriations

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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

TUESDAY, APRIL 30, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Mark Andrews (chairman) presiding.

Members present: Senators Andrews, Abdnor, D'Amato, and Chiles.

NONDEPARTMENTAL WITNESSES

SUBCOMMITTEE PROCEDURE

Senator ANDREWS. The subcommittee will come to order.

This year, as in the past, the subcommittee has had requests from about 60 persons and organizations to be heard on a wide range of transportation issues. In view of this, I would like to remind witnesses of our procedure by which the red light goes on after 5 minutes. We have to resort to this procedure to make sure everyone has a chance to be heard.

Let me assure you that the full text of witnesses' statements are made part of the official record as will other materials submitted to the subcommittee. I recommend, therefore, that witnesses summarize their testimony, thus allowing time for subcommittee questions. That makes an even better and more complete record. It is more valuable, of course, to have exchange with the witnesses.

Let me also point out that we are all on a time schedule. I know you don't want to have to come back tomorrow, so we may resort, if we find that we are going behind the time schedule, to offering the option, for people who are back on the list who want to summarize and get through in, let us say, a minute, to stand ahead of those who want to take longer.

We will expedite and clear the panel that way and if we find that we have to, for any volunteers who want to come forward, because it is no favor to any of you to be held up by someone else.

First we have a privileged guest. Particularly it is a privilege for me because I serve on his Budget Committee, he is also a very esteemed member of this Appropriations Committee, and when you serve on two committees with one Senator who is a good friend you really appreciate it when he has the time to come by. I would like to introduce the distinguished Senator from New Mexico, Senator Domenici, who will introduce one of those individuals testifying.

You may proceed, Senator.

CONGRESSIONAL WITNESS

STATEMENT OF HON. PETE V. DOMENICI, U.S. SENATOR FROM NEW MEXICO

Senator **DOMENICI**. Thank you very much, Mr. Chairman.

I want to first thank you for the opportunity to be here and to introduce the first witness for today's hearing on aviation-related issues. He is Mr. Gilbert De Vore, president of the De Vore Aviation Corp. of Albuquerque, NM.

Mr. Chairman, I am pleased Mr. De Vore is testifying today. Not only is Mr. De Vore a valued friend, but he is also a prominent businessman with extensive experience in manufacturing and marketing aviation visual approach lighting systems. I believe Mr. De Vore's comments on a recent FAA ruling to make only one particular system eligible for Federal funding under the Airport Improvement Program will be of great interest to the subcommittee.

Mr. Chairman, I know you are very short on time and that you want to hear from all of the witnesses. I have four questions that I would like to submit, and ask Mr. De Vore to answer them for the record. The questions request his evaluation of the necessity and/or justification for a ruling that will basically put everyone that is not producing one particular visual approach indicator system out of business. The ruling would allow the Federal Government to pay for only one system and, therefore, recognize no diversity whatsoever in the needs of airport systems of the United States.

With that I commend Mr. De Vore to you and hope that we can, before we are finished with this process, make some judgment on the propriety of his assessment, and whether or not we, as a committee, think that the FAA is correct in their ruling.

Thank you very much.

Senator **ANDREWS**. Thank you, Senator, for introducing Mr. De Vore. I assume you will make sure Mr. De Vore has a copy of those questions.

Mr. De Vore, if you will get the answers back to the committee within a week, they will be made a part of the record.

You may proceed.

De Vore Aviation Corp.

STATEMENT OF GILBERT DE VORE, PRESIDENT

Mr. De Vore. I would like to thank you for the opportunity to express the reasons why we believe that the action of the Federal Aviation Administration in revoking the Federal funding approval of our product, Pulse Light Approach Slope Indicator [PLASI], is unsound and improperly denies the aviation community of a product which has been proven safe, which represents advanced technology and which is widely acclaimed by the aviation community because of its simplicity and economic benefits.

Over the past 30 years there has been only one Visual Approach Slope Indicator, a system called VASI, which was designed by the British Government.

Our system, PLASI, was developed and funded purely as a free enterprise effort with private capital and at no cost to the Government. PLASI has received full FAA approval, including approval for Federal funding.

Recently the original ICAO standard VASI was replaced by the new British model called PAPI, now the ICAO standard. We initiated the development of the PLASI system because pilots who had flown a breadboard model had recommended it very highly. PLASI has been evaluated and accepted by pilots everywhere, both in the United States and abroad. We have satisfied every FAA requirement.

We have invested $2 million, created a worldwide export potential, and have many systems operating in the public and private sectors. Previous FAA policy required the ICAO standard only on international airports. Systems which met FAA requirements could compete under the low-bid process for installation on all other airports.

Two and one-half years after our approval for Federal funding the present Administrator has revoked this approval. The reason given by the Administrator was that it was in the interest of standardization to prevent proliferation. We feel that this action on the part of the Administrator is without justification and is arbitrary and capricious.

It is erroneous because the Administrator did not consult with the aviation community to obtain their opinion. He did not consider the low cost and advantages to the multitude of airports which are responsible for the operation and maintenance costs of this equipment under AIP funding.

He did not consider that when the electronic or visual approach aid is out of service for any reason, that the only system capable of being installed quickly and economically is a PLASI system.

He is imposing a financial burden on smaller airports by requiring a multiple box system with its inherent high operational costs. He has neglected the problems of maintenance regarding snow removal and lawn mowing which costs are increased with multiple box systems.

There were no evaluations conducted that would lead to the conclusion that pilots require standardization. There is no evidence that more than one system is detrimental to safety.

In the many years in which PLASI has been operating there has been no evidence obtained to indicate that the use of PLASI has detracted from safety or that pilots have had difficulty using it.

In contrast, we do have evidence that PLASI has contributed to safety by providing a system which is safe, economical, and reliable. This is supported by the aviation community as stated in their letters to the committee and the FAA. I ask that these be added to the record.

Senator ANDREWS. Those statements will be added for the record immediately after your answers to questions.

Mr. DE VORE. Thank you.

In closing, I would like to say that De Vore Aviation Corp. is a staunch supporter of the FAA, the regulations, and the certification process. I have personally been involved in civil aviation for over 38 years during which time I have served as a designated engineering representative of the FAA.

I can only say that until this program I would have thought this action by the FAA unimagineable.

Thank you.

Senator ANDREWS. Thank you very much, Mr. De Vore, for an excellent statement and thank you, Senator.

Senator DOMENICI. Thank you, Mr. Chairman, not only for your time, but thank you for your constant consideration of problems that are local; that are ours out there. I am sure you will give this one the same kind of attention you have many others.

We stand ready to assist you with any further information you might need.

Senator ANDREWS. Thank you, Senator.

[The statement follows:]

STATEMENT OF GILBERT DE VORE

SUMMARY

The De Vore Aviation Corporation, of Albuquerque, New Mexico, is a corporation engaged in the manufacture of aviation products, including a Pulse Light Approach Slope Indicator. The Federal Aviation Administration, on February 8, 1985, issued an order, 6850.26A, on the subject of visual glide slope indicators, which had the immediate and future effect of barring federal funding for the Pulse Light Approach Indicator under programs administered pursuant to the Airport and Airway Improvement Act of 1982. The order provided that another visual glide slope indicator, known as a Precision Approach Path Indicator, would be the standard visual glide slope indicator for new installations at U.S. airports when funded under the Facilities and Equipment Program or through the Airport Improvement Program. The explanation was as follows:

> The policy has been revised to promote standardization of visual glide path indicators by limiting federal funding to only one system, the PAPI, for use by pilots of fixed wing aircraft.

The De Vore Aviation Corporation has filed an action in the United States Court of Appeals for the District of Columbia seeking review of the Administrator's order, along with a motion to stay the effect thereof pending completion of proceedings, and the Federal Aviation Administration has filed a motion to dismiss the action alleging that the court lacks subject matter jurisdiction, in that the specific statutory authorization found in the Federal Aviation Act, of 1958, as amended, does not permit review of determinations by the Administrator of the Federal Aviation Administration regarding financial aid to airports. No determinations have been made by the Circuit Court of Appeals.

It is requested that the Administrator of the Federal Aviation Administration be required to re-examine, and re-evaluate the need for standardization in the interest of safety after provision, to interested parties and the aviation community, of an opportunity to be heard; to hold FAA agency order 6850.26A in abeyance pending re-examination and re-evaluation; and to submit a report to the Committee.

HISTORY AND FACTS

The De Vore Aviation Corporation, under license from McDonnell Douglas Corporation, initiated its efforts, in September, 1976, to secure FAA evaluation and approval of its product, the Pulse Light Approach Slope Indicator (PLASI). This equipment provides visual descent guidance to pilots of landing aircraft. It is installed on the airport at the approach end of the runway. At that time, the only approved approach slope indicator was the Visual Approach Slope Indicator (VASI), a product which was developed by the British government and which was, by the International Congress of Aviation Organizations (ICAO), accepted as a standard at international airports. It is generally regarded as obsolete. The De Vore Aviation Corporation product represents advanced technology and was first approved by FAA for use in the National Airspace System (NAS) for helicopter operations and heliports on December 22, 1980. PLASI was approved for use in the National Airspace System for fixed wing operations and airports on December 15, 1981. The initial approval of PLASI for use in the NAS for fixed wing operations was conditional in that:

> However, as stated earlier, before PLASI could be considered for federal funding under ADAP or F & E programs, it would have to be demonstrated that it provided either an operational or economic advantage over the International Civil Aviation Organization

> recommended systems, i.e. VASI or its expected replacement, Precision Approach Path Indicator (PAPI).

After contentious exchanges between De Vore Aviation Corporation and the FAA's Airport Standards, the issues were presented to the FAA's Office of Programs and Plans. Their economists determined that PLASI was more economical than either VASI or its expected replacement, PAPI, and the conditions were eliminated on August 20, 1982 by FAA letter which advised that PLASI was:

> "approved for funding under the pending legislation for the new airports grant program."

At that time, then, there were two visual glide slope indicators approved for use in the National Airspace System, the VASI and the PLASI. Subsequent to that time, the ICAO adopted the PAPI as its replacement for VASI at international airports and the United States followed suit. The United States did not offer PLASI as a substitute and it was therefore not considered by ICAO. There is no requirement of any kind which specifies that an international standard must be adopted as a domestic standard. The FAA policy with respect to visual approach aids remained unchanged, with respect to domestic airports, as was set forth in FAA letter dated July 13, 1984;

> On all other airports, various approved visual approach aids may be funded. There will, of course, be exceptions made to this policy provided there is a strong justification for doing so.
>
> Under the Airport Improvement Program, procurement awards must be based on open competitive biding in accordance with federal procurement regulations. As we interpret these regulations, there is no provision which would permit airport sponsors to select any equipment but the lowest bid among technically qualified competitors . . . .

To date, the FAA has not issued technical specifications or performance criteria for visual glide slope indicators. Proposed technical specifications and performance criteria were published in a draft Advisory Circular, AC 150/5345-28D entitled Visual Approach Descent Indicators, during 1983. The HELI-PLASI was found to comply with the draft Advisory Circular on April 20, 1984, and the fixed wing type PLASI was found to meet those requirements on July 6, 1984. This Advisory Circular will apparently no longer be applicable to the system solely eligible for F & E or AIP funding.

On February 8, 1985, the Federal Aviation Administration issued an order, 6850.26A which established the PAPI as the standard visual glide slope indicator for new installations at U.S. airports when funded under the Facilities and Equipment Program or through the Airport Improvement Program. The explanation was:

> The policy has been revised to promote standardization of visual glide path indicators by limiting federal funding to only one system, the PAPI, for use by pilots of fixed wing aircraft.

This order was issued without providing interested parties, including the De Vore Aviation Corporation, and the aviation community an opportunity to be heard. The order further assigned to internal agency segments the responsibility to develop, after the fact, performance characteristics, equipment and installation standards, and criteria for establishment, discontinuance and replacement of visual glide slope indicators.

Prior to the issuance of Order 6350.26A there was never a policy of the Federal Aviation Administration under which it precluded utilization and installation of different navigation aids having the same purpose at domestic airports whether or not such airports were recipients of federal funding. Previously established policy was articulated in an FAA Memorandum dated

November 29, 1983 by the Associate Administrator for Airports, which was addressed "to all regions" wherein both the role of the sponsor and the FAA was discussed:

> Authority of FAA to Require Specifications
>
> Under Section 509(a)(1) of the Airport and Airway Improvement Act of 1982, the FAA is authorized to establish or approve standards for airport development which will be accomplished with AIP funds.
>
> In establishing standards, the FAA's usual practice is to develop a proposed standard which is extensively coordinated with members of the Aviation Community. Comments received during the coordination process are considered in finalizing the standard. The FAA's objective is to establish a standard that will provide acceptable levels of safety, economy, durability, and workmanship. The standards established for equipment safety satisfy the preceding objective and are consciously tailored so as not to favor any particular manufacturer.

The foregoing incorporates all elements of fair play, coordination and communication with the aviation community and the reasonableness of standards which would permit equitable distribution of the opportunity to engage in competition for airport hardware. Preselection of PAPI as the equipment which satisfies the criteria to be established pursuant to Order 6850.26A is arbitrary and capricious and produces other injurious consequences to the detriment of the aviation community.

The detriment to De Vore Aviation Corporation includes the loss of its investment of time and money in its efforts to develop and market PLASI. Since 1976, it has spent upwards of $2,000,000.00 in investment costs, has marketed 73 fixed wing units, plus four delivered for demonstration or consignment, and has three units in inventory. It has $150,000.00 in purchase orders outstanding for parts and components to assemble 50 units. Prior to issuance of Order 6850.26A, De Vore Aviation Corporation was able to compete with both VASI and PAPI, and had projected, conservatively, sales of $3,000,000.00 over the next five years.

De Vore Aviation Corporation has only recently overcome the last of a multitude of hurdles created by the FAA which represented a disadvantage to PLASI in the competitive market. VASI, prior to the adoption of PAPI, was installed on approximately 2,700 runways in the United States. Approximately 10 PAPI's have been installed. There are only 86 designated international airports in the United States which, under international agreement, would require installation of PAPI. At some of those airports, special uses might benefit from installation of PLASI on runways that are not used by international traffic. There are, in addition, 278 primary air carrier airports and 300 commercial service airports. In contrast, there are approximately 6,000 public use airports all of which conceivably could qualify for PLASI or PAPI installations dependent upon site considerations, and competitive considerations in the installation and operation of the equipment. Although there is no provision in the order for replacement of VASI, ICAO has provided that it will cease to be an ICAO standard system after January 1, 1995. No such transition interval was provided with respect to PLASI. However, there is expected to be an after-market, with respect to VASI installations because of reliability and operational cost considerations. The projection of the future market for PLASI is conservative as it does not incorporate numerous factors, such as its use as portable or substitute equipment, or acceptability by the aviation community, which is a rapidly developing actuality.

Acceptance by the aviation community is represented by certain tests conducted at El Paso, Oklahoma City and Norfolk with excellent user appraisals. No comparative tests have been conducted, however, by the Federal Aviation Administration. The United States Air Force, however, initiated an objective and subjective test program of all three systems, the VASI, PLASI and PAPI, in 1983 and completed a comparative flight test program during the Fall of 1984. These tests were conducted at Williams Air Force Base, Phoenix, Arizona, however, the FAA did not participate in either the development of the test program or the actual testing. The report of the Air Force research evaluation was to have been completed by April 22, 1985, and made available after necessary coordination and approval. The testing, or lack thereof, is important since it belies the agency statement with regard to the need to "promote standardization of visual glide path indicators by limiting federal funding to only one system . . . " While it is unsaid in the Order, the real justification advanced for the policy change was stated in a letter dated March 21, 1985, by the Administrator, addressed to the De Vore Aviation Corporation, in effect denying a request for reconsideration. The following statements, which are inaccurate and incongruous, were made:

> Several years ago, our long standing policy on visual glide slope indicators was changed to permit federal funding of any type of system that met minimum operational requirements. This would have led to a proliferation of these approach aids, which I do not believe to be in the best interest of aviation safety. Pilots need to see the same visual presentation at all airports and should not be expected to be familiar with the signal format of a multitude of different systems. For this reason, I reinstated our earlier policy of funding only one system to promote standardization at U.S. airports.

The foregoing statements are respectfully challenged for the following reasons:

1. There was no longstanding policy on visual glide slope indicators expressly articulated by the FAA. Although no other developers of visual glide slope systems advanced their products to approval, there were others who advanced concepts which the FAA published in its Airmen's Information Manual for the guidance of pilots. No such statements were made by the FAA, either verbally or in writing to De Vore Aviation Corporation at any time during the unending process of obtaining unequivocal acceptance of PLASI. If there was a policy, it was one directed only against PLASI, or the De Vore Aviation Corporation, that was manifested by the generation of new requirements as each previous one was met. Significant examples are:

12-15-81 PLASI approved for use in the NAS for fixed wing operations and airports. BUT is now required to show an operational or economic advantage over VASI or its expected replacement, PAPI.

8-20-82 PLASI approved for funding under the pending legislation for the new airport grants program. BUT they would not allow consideration of life cycle cost in competitive bids - only equipment and installation costs.

The government pays 90% of the equipment and installation costs, the sponsor pays for maintenance and operation. PLASI is more economical to operate and maintain. The American Association of Airport Executives raised the issue with the FAA and the Office of Management and Budget which resulted in the FAA agreement to comply with OMB Circular A102 (revised) which authorizes inclusion of life cycle costs. BUT,

11-29-83 In announcing its policy regarding standards to be used for the acquisition of equipment under the AIP, FAA specified that, for lighting equipment, costs of electricity consumption and lamp replacement shall be based on the rating assigned by the manufacturers of the components rather than the equipment manufacturer. PLASI is de-rated to achieve lesser electricity consumption and longer lamp life; PAPI is not. Voltage reduction to achieve such objectives is a standard engineering practice. No resolution of this problem was achieved before the February 8 Order made it moot. Having only one system to evaluate will certainly simplify competitive bid analysis.

2. Policy which admits PLASI would lead to a proliferation of these approach aids. No approach aids for fixed wing aircraft, other than PLASI, were approved, and none were evaluated. After spending eight years satisfying all requirements or reservations of the FAA, can it be said that two approved systems constitute a proliferation? This ignores not only the issue of the need for standardization or the element of comparative cost, but the fact that no comparative testing, analysis or evaluation was accomplished.

3. Proliferation is not in the best interest of aviation safety. This implies that the foundation of the policy decision was one of safety. The FAA determined that PLASI was safe by directing its Office of Flight Operations to evaluate. As a result of that evaluation, on December 15, 1981, the Administrator at that time wrote:

> One of those conclusions was that PLASI is a usable and effective aid to fixed wing aircraft for vertical glideslope guidance and, therefore, the PLASI system is approved for use by both fixed wing and helicopter aircraft in the National Airspace System.

No safety data, tests, or evaluations of PLASI have since been collected which would demonstrate that it is unsafe, and no comparative evaluation, with PAPI, has been conducted by the FAA. The only objective, or subjective, criteria that could be considered on the issue of acceptability, or usability, is that developed by the United States Air Force. It is reported that PLASI faired extremely well in those tests.

To say that proliferation is inconsistent with safety, in the absence of evidence, is untenable. The FAA is responsible for safety at all airports. Its Order of February 8 states that "other [which includes PLASI) types of systems, which have been determined operationally suitable by the Office of Flight Operations, may be federally funded for use on heliports or may be installed on airports when non-federally funded." Are helicopter pilots more able to cope with non-standardization than fixed wing pilots? Or is the safety decrement from non-standardization on 6,000 public use airports, where the operators might choose the non-federally funded PLASI, at their own expense, less significant than the federal concern with respect to the 600 primary air carrier and commercial service airports? Without federal funding, standardization might only be achieved at 10% of public use airports. Equally inconsistent with the idea that proliferation means unsafe, or less safe, is the idea that no visual approach aid at all, as when one is out of service, is safe, as has been held by the FAA.

4. Pilots need to see the same visual presentation at all airports and should not be expected to be familiar with the signal formats of a multitude of different systems. This statement is totally inconsistent with the reality that there is no standard visual presentation in any of the elements associated with the art of flying whether it be by reference to visual references outside the cockpit or pursuant to instruments within the cockpit. The FAA Airmen's Information Manual describes three different approach light systems for precision instrument configurations at airports, and two different nonprecision instrument configurations; for VASI systems, there are two-box systems, four-box systems, twelve-box systems, sixteen-box systems, also they may vary between the two-bar variety and three-bar variety. The new PAPI was approved by ICAO as a four-box system, with five different sectors defining descent gradient. Now, a 2 box version is offered which results in a three sector format not originally approved by ICAO. Also, they are offered with only two lamps instead of the original three, again, not as originally approved by ICAO. Proliferation is present in PAPI. Other runway lights include Runway End Identifier Lights, Runway Edge Light systems of three different varieties, High Intensity, Medium Intensity and Low Intensity; also runway edge lights that are white, yellow, red, or green and runway lighting incorporated in the runway surface such as touchdown zone lighting, runway center line lighting, runway remaining lighting and taxiway turnoff lights. Further, other visual cues are available to the pilot both inside and outside the cockpit.

Visual cues inside the cockpit utilized in landing include altimeters, vertical speed indicators, heading (direction) indicators, glide slope indicators, azimuth indicators, and other forms of electrical guidance indicators, none of which are standard. There are common concepts of transmission of electrical information, such as the electronic signals propagated by VOR, ILS and glide slope systems, low frequency beacons, Microwave Landing Systems, all of which have different visual presentation in the cockpit. Further, there is no standard requirement for the presentation of the visual depictions of information on the cockpit instrument panel. Directional guidance information may be presented, after receipt by radio equipment, by directional needle or other heading indication. There are no plans to replace VASI, none to replace PLASI, nor any of the foregoing presentations of visual information to the pilot.

The cost of standardization, as an element and fundamental concept of safety, would be astronomical. While it might seem that the need for standardization might increase with the sophistication and speed of aircraft, it appears incongruous that the United States Air Force, which probably trains 3,000 pilots per year in high performance aircraft, in addressing the relative merits of VASI, PAPI and PLASI, has not made its decision, and it is therefore possible that military pilots of the future, when transitioning to civil airports would be required to readjust, from PLASI to PAPI.

The Administrator further said, in his letter of March 21, 1985:

> I regret that this decision may have some impact on your firm. However, the need for standardization to enhance safety of operations must outweigh other considerations.

The Federal Aviation Administration has, since 1979, been developing a data base of safety information, the Accident Incident Data System (AIDS), and in the same time period, has been developing a program for the study of human factors which, it must be presumed either contained some safety data which would support the conclusion that standardization in this one classification of airport hardware would enhance safety, and one might assume that the study of human factors would, over the years, reveal a consensus of opinion on the subject, or, at the very least, a reflection of attitudes in the aviation community on the subject. This does not appear.

In addition to the foregoing principal areas in which the order requiring standardization is made to appear premature, and without justification, the following additional conclusions are equally pertinent:

a. The order of February 8, 1985, requires the development of future standards, specifications, and criteria to suit past decisions. These requirements are intolerably abject as if to suggest future meaningful deliberations in the findings of conformity to objective and fairly developed standards, specifications and criteria.

b. The order dated February 8, 1985, is detrimental to the concept of free enterprise and the competitive bidding system. PLASI is a system that was designed, developed and marketed as the result of private initiative, innovation and investment. Although the Airport and Airway Improvement Act of 1982 (AAIA), Section 502 provides that:

> This title should be administered in a manner to provide adequate navigation aids . . . .

there has been no finding that the PLASI system is inadequate. Also:

> This title should be administered in a manner consistent with . . . the goal of installing, operating and maintaining, to the extent possible under available funds and given other safety needs . . . electronic or visual vertical guidance on all runways . . . .

There has been no finding that the PLASI system does not meet safety needs, in fact, the converse is true, in that the FAA in issuing its initial approval found that the system was safe. Also, when VASI was the sole system approved in the NAS, the cost of a 4 box system was substantially higher than its cost today. Section 502(a) also provides that:

> all airport and airway programs should be administered in a manner consistent with the provisions of Section 102 and 103 of the Federal Aviation Act, with due regard to the goals expressed therein of fostering competition, preventing unfair methods of competition . . . and preventing unjust and discriminatory practices.

Likewise, the Congress provided, in the Small Business and Federal Procurement Competition Enhancement Act of 1984, that one of its purposes was to:

> eliminate procurement procedures and practices that unnecessarily inhibit full and open competition for contracts.

Finally, the provisions of the Federal Aviation Act, Section 312(c), require the Administrator to:

> develop, modify, test and evaluate systems, procedures, facilities and devices, as well as define the performance characteristics thereof, to meet the needs for safe and efficient navigation . . . and select such systems, procedures, facilities and devices as will best serve such needs . . . . (underscoring added).

The FAA has accomplished only the selection. It has not conducted comparative tests, defined the performance characteristics, nor, on the basis of the foregoing, has it decided which will best serve the needs of safe and efficient navigation.

c. The order of February 8, 1985 reflects the singular view of special interest where the aviation community has not been consulted. During the period when De Vore Aviation Corporation was attempting to acquire approval for its system, the Air Line Pilots Association, in a letter dated July 20, 1981, advised the FAA that PLASI should be evaluated in comparison to PAPI. That evaluation has not been accomplished. ALPA also stated that:

> ALPA strongly supports standardization of all systems in the NAS in the interest of safety and therefore is opposed to a proliferation of systems which are different in concept and presentation to the pilot.

These are the precise reasons which are utilized by the present Administrator to support a choice which was accomplished without an evaluation. As such, the choice represents the viewpoint of the Air Line Pilots Association spokesman, whose views do not necessarily represent those of pilots in general. Air carrier pilots have, in general, praised PLASI. The preceding Administrator apparently saw no need to accept the basic premise, that of standardization, as opposed to proliferation, and conducted no test. The present Administrator accepted the premise without test or evaluation and without notice or opportunity to be heard to the aviation community. The Air Line Pilots Association was heard by the present Administrator during mid-1984. De Vore Aviation Corporation learned, through industry sources, that in a meeting with the Administrator ALPA spokesmen renewed their objections to "proliferation" and reiterated their recommendations concerning standardization.

The De Vore Aviation Corporation requested a meeting with the Administrator, which was held on August 24, 1984, and submitted a "position paper" on the subject of eligibility of PLASI for installation on domestic airports. The "position" paper was not formally acknowledged, nor was the company advised that any regulatory action was being contemplated, that any action was being taken to revoke any of its product approvals, or that any comparative analysis or evaluation would be conducted by FAA, or, finally, that the aviation community would be consulted on the issue.

The aviation community is now requesting to be heard. In a letter dated February 26, 1985, the airport manager at Port Huron, Michigan, wrote the Administrator stating that the PLASI is "less expensive" and "has less downtime". The Aircraft Owners and Pilots Association has complained that the elimination of PLASI for federal funding precludes its use in applications where PAPI is not technically feasible. The National Air Transportation Association wrote, saying

> "we do not necessarily find a direct correlation between standardization, user acceptance and safety. In addition, we envision only higher user cost in a single system environment, and most important of all, the absence of visual glide slope aids at airports planning to purchase PLASI".

The National Association of State Aviation Officials has written the Administrator (NASAO), stating its support, as has the American Association of Airport Executives. NASAO said:

> We believe that this action should be reversed pending discussions with our members and others affected by this action.
>
> * * *
>
> While recognizing the increased safety that "standardization" might provide, the NASAO membership is concerned that safety derogation is really not at question in this case, and that the move to exclusive PAPI use will be an extremely expensive one.

These letters also reflect the probability that even airports which are not eligible for federal funding may not want to install equipment which has been decreed as non-conforming to a national standard. Other organizations, such as the National Business Aircraft Association, and Flight Safety Foundation, support the position of the De Vore Aviation Corporation with respect to PLASI and will present their views in any hearings held on these questions.

CONCLUSION

The FAA has deprived the aviation community of advanced technology hardware without reason, comparative testing, or notice to the aviation committee. It has deprived the De Vore Aviation Corporation of its valuable commercial rights and contribution to aviation safety, again, without reason, comparative testing, nor notice.

It is requested that the Administrator of the Federal Aviation Administration be required to re-examine, and re-evaluate the need for standardization in the interest of safety after provision, to interested parties and the aviation community, of an opportunity to be heard; to hold FAA agency order 6850.26A in abeyance pending re-examination and re-evaluation; and to submit a report to the Committee.

[EXHIBIT 1]

FEDERAL AVIATION ADMINISTRATION ORDER 6850.26A

1. PURPOSE. This order establishes national policy on Federal funding of visual glideslope indicators which provide visual descent guidance to pilots of landing aircraft.

2. DISTRIBUTION. This order is distributed to the division level in the Office of Flight Operations, Office of Airport Standards, Office of Airport Planning and Programming, Office of Aviation Policy and Plans, Program Engineering and Maintenance Service, Systems Engineering Service, Air Traffic Service, and to the regional Airports, Air Traffic, Airway Facilities, and Flight Standards Divisions.

3. CANCELLATION. Order 6850.26, Visual Approach Slope Indicators, dated May 9, 1983, is cancelled.

4. BACKGROUND.

a. The visual approach slope indicator (VASI) (as described in Order 1010.47B, cancelled October 31, 1982), was selected as the national standard visual glideslope indicator in 1961 and shortly thereafter was adopted as the international standard by the International Civil Aviation Organization (ICAO). To date, over 2700 runways in the United States have been equipped with a VASI. The VASI has been, and continues to be, an effective aid for providing visual descent guidance.

b. An improved version of the VASI, called the precision approach path indicator (PAPI), was recently adopted by ICAO as the new international standard to replace the VASI. The VASI will cease to be an ICAO standard system after January 1, 1995.

5. EXPLANATION OF CHANGES. The policy has been revised to promote standardization of visual glidepath indicators by limiting Federal funding to only one system, the PAPI, for use by pilots of fixed-wing aircraft.

6. POLICY.

a. The PAPI, as described in ICAO Annex 14, Aerodromes, shall be the standard visual glideslope indicator for new installations at U.S. airports when funded under the Facilities and Equipment Program or through the Airport Improvement Program.

b. Existing VASI installations shall remain in service and need not be replaced with the PAPI.

c. Other types of systems, which have been determined operationally suitable by the Office of Flight Operations, may be Federally funded for use on heliports or may be installed on airports when non-Federally funded.

7. RESPONSIBILITIES.

a. The Office of Flight Operations shall develop performance characteristics which assure safe and effective visual guidance for all visual glidepath indicators and shall determine acceptability of proposed system concepts for operational use.

b. The Office of Airport Standards shall develop equipment and installation standards for those visual glideslope indicators, which have been determined to be acceptable by the Office of Flight Operations, to be funded under the Airport Improvement Program.

c. The Program Engineering and Maintenance Service shall develop equipment and installation standards for those visual glideslope indicators, which have been determined to be operationally acceptable by the Office of Flight Operations, to be funded under the Facilities and Equipment Program.

d. The equipment specifications and installation standards issued under the Airport Improvement Program and the Facilities and Equipment Program shall be coordinated with the Office of Airport Standards and the Program Engineering and

Maintenance Service, respectively, to assure that the agency specifications and standards are uniform in meeting the operational requirements of the Office of light Operations.

e. The Office of Aviation Policy and Plans shall have the responsibility for developing establishment, discontinuance, and replacement criteria for visual glideslope indicators to be funded under the Facilities and Equipment Program.

Donald D. Engen

Donald D. Engen
Administrator

[EXHIBIT 2]

Letter From Gilbert De Vore

Mr. Donald D. Engen,
Administrator
Federal Aviation Administration
800 Independence Avenue, S.W.
Washington, D.C. 20591

February 15, 1985

Dear Mr. Engen:

De Vore Aviation Corporation has made a tremendous investment over an eight year period in the visual approach aid, PLASI, and a growing business has been established based upon FAA approvals of PLASI dated December 20, 1980, December 15, 1981, and August 20, 1982. Substantial unemployment and loss of income will result and financial losses will be incurred by De Vore Aviation which may jeopardize its very existence, further causing loss of employment due to your order number 6850.26A dated February 8, 1985, arbitrarily eliminating PLASI from AIP funding for fixed wing aircraft. The August 20, 1982, date was an approval of PLASI for AIP funding. Urgently request meeting in Washington, your convenience.

Very truly yours,

DE VORE AVIATION CORPORATION

Gilbert DeVore

Gilbert DeVore
President

[EXHIBIT 3]

LETTER FROM DONALD D. ENGEN, ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION

MAR 21 1985

Mr. Gilbert DeVore
President, De Vore Aviation Corporation
6104 B Kircher Boulevard, NE.
Albuquerque, New Mexico 87109

Dear Mr. DeVore:

Several years ago, our longstanding policy on visual glideslope indicators was changed to permit Federal funding of any type of system that met minimum operational requirements. This would have led to a proliferation of these approach aids, which I do not believe to be in the best interest of aviation safety. Pilots need to see the same visual presentation at all airports and should not be expected to be familiar with the signal formats of a multitude of different systems. For this reason, I reinstated our earlier policy of funding only one system to promote standardization at U.S. airports.

The PAPI was chosen as the U.S. standard for Federal funding purposes because it is the system that has been adopted by the International Civil Aviation Organization (ICAO) as the standard international system for use by fixed-wing aircraft. The United States is obligated by treaty to install only the ICAO standard system on international airports. To select a system other than the PAPI for use at noninternational airports would not be consistent with the desired goal of standardization.

I regret that this decision may have some impact on your firm. However, the need for standardization to enhance safety of operations must outweigh other considerations. Since we have discussed this matter previously, and all facets of your position are known and have been considered, I do not believe a further meeting would serve any useful purpose.

I do wish to state that the PLASI is considered a very effective system for use by helicopters. Since we do not anticipate that any one system will be selected as a standard for helicopter use, the PLASI will continue to be eligible for Federal funding for this purpose.

I hope you can appreciate that the public trust associated with my position involves an overriding commitment to ensure a safe aviation system. I firmly believe that my decision in this matter is consistent with that goal.

Sincerely,

Donald D. Engen

Donald D. Engen
Administrator

QUESTIONS SUBMITTED BY SENATOR DOMENICI

Question 1.

Is there any reason to believe that it is necessary to have only one system in order to fulfill the FAA's objective?

Answer 1.

There is no reason to believe that only one system is required to fullfil the FAA's objective of safety, economy, desirability and workmanship. In fact by limiting visual approach aids to one system all incentive and initiative to develop a better system is stifled. Under FAA's philosophy we are destined to live with the same system for 30 or 40 years until the British develop another system. See Dr. Gunn's article attached.

Question 2.

Would it be possible for the FAA to specify criteria, or performance standards, applicable to several systems and still achieve their objective?

Answer 2.

Yes, it would be possible for the FAA to specify criteria and performance standards to which other systems could comply and still meet the safety objective of the FAA. In fact they did just that. They issued performance standards, although not published officially, and environmental criteria which were published, and PLASI met those standards. FAA's approvals of PLASI were based upon meeting those performance standards and criteria. No detrimental contributions to safety have ever been uncovered in the use of a slightly different method of providing a signal to the pilot such as is presented by PLASI.

Question 3.

Based on your experience in the aviation industry, do you think it likely that the number of visual glide slope path landing systems would proliferate under such standards?

Answer 3.

No. Given a set of standards to which various ideas could be developed to meet those standards I don't believe there is any likelihood of proliferation. Based on our experience involving $2,000,000.00 and 8 years of time I doubt seriously that anyone would invest their time and money to develop another system, thus, the potential of proliferation is unlikely. On the other hand, the establishment of criteria and performance standards would not preclude the possibility of someone developing an infinitely better and less expensive system than any which exist now. In my opinion, the Administrator's concern is a red herring.

Question 4.

If the FAA set up performance criteria, would you be willing to let the marketplace, rather than the bureaucracy, decide which of the systems is best suited for each individual airport's needs?

Answer 4.

Yes, that has always been our position. When the FAA interposed a requirement that we had to demonstrate an operational or economic advantage in order to obtain federal funding we asked that same question. Although we proved we were more economical, we asked why can't the marketplace decide? If we are too expensive no one will buy the system. If we are not operationally satisfactory no one would buy the system. On the other hand, if we meet the criteria and performance standards and are less expensive and best suited to the airports needs then they should have the right to select. We totally agree with that premise. Let the marketplace decide. The marketplace consists of experienced airport operators and managers and experienced pilots who are more qualified than bureaucracy to decide what is best for them.

Let's Put an End to Landing Accidents

[From Airport Services Management, November 1983]

by Walter H. Gunn

After a career in airline flying which spanned nearly 40 years, 37 of them as captain, certain aspects of our views on aviation safety still leave me somewhat mystified.

Our airliners, which are marvels of engineering and design, are required to have multiple backup systems, in the interest of safety. Investments in redundant equipment certainly contribute to the enhancement of safety. That makes sense.

But at the same time, these airliners which are so well-equipped make landings every day at airports where there are no backup provisions for vertical glide slope guidance when existing systems are inoperative—this, despite the fact that every study ever made of aircraft accidents shows that a preponderance of accidents occurs in the approach and landing phase of flight.

I thought this would change when the Special Air Safety Advisory Group, appointed by the FAA eight years ago, issued its report. The first recommendation of that group, composed of six retired airline captains, was: "Lack of vertical guidance is the No. 1 shortcoming in the approach and landing phase of flight operations." The importance of these findings is recognized in that visual approach aids are found on all major runways accepting international traffic. So far, so good.

But what happens when that equipment is down for any reason? Traffic usually continues to operate, sometimes with no vertical guidance at all, because the electronic glide slope is also inoperative. At times, this situation continues for extended periods, and in some cases, for years.

Here is one example: Three years ago, at Phoenix International (Sky Harbor Airport), the visual approach system on Runway 26L was put out of action by a flood washout of the runway end. (Although not an ILS runway, 26L is the preferential runway.)

Airliners use this runway almost exclusively during the afternoon, flying directly into a blinding sun against a background of sand, a condition which makes depth perception particularly difficult. Yet, for three years, pilots had to land on this runway without a visual aid over a displaced threshold.

Once repair of the runway was undertaken, a requirement for consistent glide slope approaches became mandatory in order to permit repair work to proceed. A simple, single-box, FAA-approved visual approach aid system was installed on a temporary basis to ensure that work would continue uninterrupted due to low approaches.

Think of that! For three years, thousands of passengers were flown onto that runway in multi-million-dollar equipment without the protection provided by a visual approach aid, but a construction crew promptly obtained the safety equipment which the pilots so desperately needed.

One factor which may be a deterrent to the installation of temporary visual approach aid systems is the cost of relocating a multi-box system to conform with a displaced threshold runway and then returning it to its original location after the repairs. Is it this economic burden which has caused all concerned to close their eyes to this travesty on the safety which we all strive for? The cost of installing a temporary single-box system (such as that eventually used in Phoenix), however, is only a fraction of the cost of what relocating a multi-box system would be.

Another problem is that there has been resistance to more than one type of visual approach aid on international runways on the grounds that it would confuse pilots. I find that reasoning difficult to believe. In a career which carried me from the cockpit of a DC-3 to the flight deck of a 747, there was an element of pride and challenge in adapting to the new, faster equipment with its increased complexity. This attitude also prevailed among my peers. Modern training methods provided us with quantum leaps in learning the new systems. Rapid adjustments to nuances in environmental factors is a skill well-demonstrated by airline flight crews. Variances in airport lighting, runway markings, and approach and landing aids are easily managed. Rigid standardization is so utopian, in fact, that the professionalism of today's airline pilots rests in their ability to perform daily in a non-standardized work environment. Subtle differences in facilities are no sweat. Give us the facilities first.

At the recent Paris Air Show, I had the opportunity to inspect a single-box visual approach system close up. The system is so simple it requires no training whatever. Yet, authorities continue to choose to let runways remain unprotected rather than require a system such as this as a viable backup, contending that it would confuse pilots.

If visual approach aids are necessary and required, why are they not required at all times under all conditions? When 40% of all accidents occur in the approach and landing phase of flight, who is to decide when not to have vertical guidance of some type? Why is a runway like 26L at Phoenix permitted to operate under difficult conditions (blinding sun and a displaced threshold) for three years with no visual aid?

The attitude of those who oppose temporary installation of visual backup systems is even more difficult to understand in view of the greater need today for visual approach systems.

The higher approach speeds of jet aircraft demand greater precision in "staying in the slot" on final approach. Being too high or too low on a visual approach makes for a precarious condition, at best, for a landing. Radical changes in sink rate are seldom well-tolerated in jet aircraft.

Another factor which impacts on the increased need for visual approach systems today is the transition from the older narrow-body jets to the newer jumbo jets. Flight characteristics are quite similar, with one exception: the final approach to landing. The difference arises from a doubling, or nearly a tripling, of height of "eye level" in the cockpit, which particularly distorts the last 300 to 400 feet on approach and touchdown.

This, of course, is an optical illusion which distorts visual perception. Such erroneous cues can be minimized by applying known methods for eliminating perceptual errors. This, in turn, underlies the need to provide visual vertical guidance.

Optical illusions do not only mislead jet pilots, they affect everyone at the controls of any type of aircraft. There are many examples. Here are a few:

1. Narrow runways appear longer than they actually are.
2. Wider runways appear shorter than they are.
3. Depth perception is distorted on narrow runways, tending to give the pilot the illusion of being higher than is actually the case on landing, with the accompanying late flare and premature touchdown frequently resulting in a hard landing or a bounce.
4. On wide runways, the opposite perception results, creating the sensation that one is lower, causing a tendency to flare high, resulting in a drop-on hard landing.
5. Upslope terrain distorts the visual frame of reference, tending to cause a drag-in approach and the potential for undershooting or landing short of the runway.
6. Downslope terrain leads to a higher approach attitude, requiring a high sink-rate with a tendency to land beyond the desired touchdown zone.

Night landings compound the distortion factors in each of the above conditions.

All of these factors provide good reasons why visual aids are necessary on all runways, as the Special Air Safety Advisory Group concluded. And I want to emphasize *all* runways. Many secondary runways at air carrier airports have no visual aids. The need for visual aids on these runways is usually more critical than it is on the primary runways. Very often these runways require a circling approach, more often than not in strong, varying winds or unusual weather conditions.

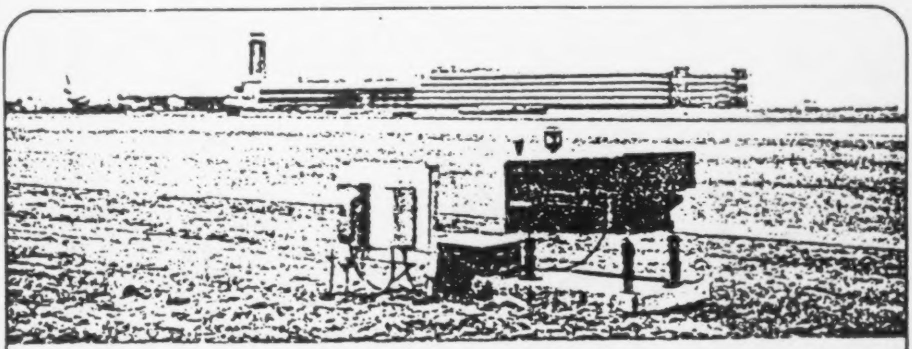
The lack of visual approach aids at many airports where I have landed during my career as an airline pilot was one of the facts of life I had to live with. It was a source of frustration and undue stress more often than I care to recall. It is even more frustrating after an incident occurs to read that the cause of overshoot or undershoot accidents was "pilot error." The error should be placed on those who, for any reason, would deny pilots the safety equipment available to help prevent such mishaps.

The more than 40% of all aircraft accidents which occur during approach and landing will not, in my opinion, be reduced until all concerned take steps to facilitate, rather than obstruct, the installation of visual approach aids on all runways and require that when permanent systems are inoperative, a temporary system is installed.

The situation at Phoenix Sky Harbor was not an isolated case. There are many cases of runway damage, runway repair, inoperative vertical guidance systems—either glide slope or visual aid—all the time. In a one-day sampling of TWA's routes in the United States, major runways at Detroit, San Antonio, Houston and Cincinnati had displayed thresholds which made their visual aids unusable for indefinite periods of time. In Lisbon, Portugal, the main runway 3-21 has had displaced thresholds for several months at a time. The lack of provisions for temporary visual approach aid systems appears to me to be unconscionable.

There are also runways where multibox systems, which require a considerable amount of space, are not feasible because of terrain limitations. These are also runways where the need for vertical guidance is more critical than normal. And yet, because of bureaucratic regulations, these runways often are denied visual aid guidance equipment.

I shall always have a concern for those still active in the ranks I left, for those who will follow us and, uppermost, for the safety and comfort of the traveling public. The technology is available today. Let's use it. To defer in this effort is to deny our industry a most basic consideration. Let us bring the airport facilities in line with the degree of safety we so frequently espouse.



Single box temporary installation, mounted on its own shipping crate. Runway 26L, Phoenix International (Sky Harbor) Airport.

Letter From Neil H. Keddington, A.A.E., Airport Manager, Front Range Airport, Watkins, CO

22 April 1985

TO: Honorable Mark Andrews
Chairman, Sub Committee
on Transportation &
Related Agencies
Committee on Appropriations
Room 156
Dirksen Bldg
Washington, D.C. 20510

TO: Honorable William Lehman
Chairman, Sub Committee
on Transportation
Committee on Appropriations
2358 Rayburn Bldg
Washington, D.C. 20515

Gentlemen:

It is my understanding that you are currently conducting appropriations hearings on many transportaion matters. I am writing concerning an aviation matter, specifically two items of equipment to aid pilots on final approach to a runway - the PLASI (Pulsed Light Approach Slope Indicator) System and the PAPI (Precision Approach Path Indicator) System.

Several months ago the Front Range Airport Authority and I conducted research on both of these systems, and the Authority decided to select the PLASI system for future installation at the Front Range Airport. Our decision was based on the basic engineering simplicity and life cycle costing aspects of PLASI as compared to PAPI. It also appeared the initial capital investment for PLASI would be a bit less expensive than PAPI.

I certainly appreciate the FAA's intent to sponsor selected "standards" for all kinds of aviation approach aid equipment. At present the aviation community is utilizing three visual approach aids which have been certified by the FAA: PLASI, PAPI, and VASI (Visual Approach Slope Indicator) Systems. PAPI has been identified as a certified international standard. PLASI appears to be the most cost effective for general aviation airports. It appears the FAA is going to specify only PAPI as the accepted standard whereby airports can obtain aviation trust funding support. I recommend the FAA support all three of these certified approach aids and that trust funding support be provided each system. The specific type of approach aid ought to be left to the descretion of each airport owner.

Sincerely,

/S/

Neil H. Keddington, A.A.E.
Airport Manager

Letter From Franklin James, Airport Manager, Houma-Terrebonne Airport, Houma, LA

April 19, 1985

The Honorable William Lehman
Congressman from Florida, Chairman
Subcommittee on Transportation
Committee on Appropriations
2358 Rayburn Building
Washington, D.C. 20515

Dear Sir:

As a purchaser and user of the DeVore Aviation PLASI visual approach aid system I would like to register my support for continued FAA funding of this system.

I understand that the FAA has recently eliminated this system from funding under the Airport Improvement Program (AIP).

The system has been installed at Houma for approximately 1 1/2 years. It has proven efficient and cost effective. It has also received continued support and acceptance from the majority of our pilot population.

Thank you for your interest and consideration.

Yours very truly,

Franklin James
Airport Manager

Letter From R.H. Moore, Airport Manager, Manassas Municipal Airport, Manassas, VA

The Honorable William Lehman
Congressman from Florida, Chairman
Subcommittee on Transportation
Committee on Appropriations
2358 Rayburn Building
Washington, D. C. 20515

April 23, 1985

Dear Sir:

It has come to my attention that the FAA administrator recently issued an order eliminating PLASI from federal funding under the Airport Improvement Program. As a purchaser and user of a PLASI visual approach aid system (with the use of AIP funding), I object strongly to this order.

PLASI is an effective visual approach aid that operates essentially trouble free and is cost effective to the operator. It is my understanding that the price of PLASI is very competitive because under the FAA's low bid policies, PLASI could not be sold if it were not price competitive.

PLASI has already been proven safe and approved by FAA, made eligible for federal funding and we see no reason to change that ruling. The addition of another visual aid in our view does not create confusion for the pilots. The PLASI signal is clear and readily understood.

Since the Subcommittee is currently reviewing the FAA budget, we hope that you will give due consideration to having this FAA order revoked in order to protect the present users of PLASI as well as to insure the maximum use of our user taxes of the Airport Improvement Program fund.

Thank you for your consideration.

Sincerely,

R. H. Moore
Airport Manager

LETTER FROM BARTON ENGINEERING COMPANY, INC., LEBANON, MO

April 23, 1985

The Honorable William Lehman,
Congressman from Florida, Chairman
Subcommittee on Transportation
Committee on Appropriations
2358 Rayburn Building
Washington, D.C. 20515

Dear Sir:

I have been advised that a recent standardization order has been issued by the FAA Administrator eliminating the plused light approach slope indicator (PLASI) visual approach aid from the list of approved systems in the Airport Improvement Program.

My firm has just completed the engineering on an airport project for the City of Lebanon, Missouri, funded by the FAA, which included two PLASI units on the main instrument runway. The project was designed with either VASI or PLASI as acceptable alternates and the PLASI system was proposed by the low bidder.

The users of the airport, both corporate and private, jet as well as conventional users requested the PLASI system as it was the system they thought would best fit their need and the City's budget.

Their comments during the past winter of operation have indicated that the system has met all their expectations.

It is realized that the case for standardization is strong, however, I think that pilots should be given credit for having sense enough to use more than one system and project sponsors the opportunity to choose the system most cost effective in their particular case.

LETTER FROM JAMES V. CORKERN, JR., PRESIDENT, NORTHWEST AIRMOTIVE

The Honorable Mark Andrews
Senator
Chairman
Subcommittee on Transportation & Related Agencies
Committee on Appropriations
Dirksen Building, Room 156
Washington, D.C. 20510

April 23, 1985

Dear Sir:

It has come to my attention that the FAA Administrator recently issued an order eliminating PLASI from federal funding under the Airport Improvement Program. As a purchaser and user of a PLASI visual approach aid system, I object strongly to this order.

PLASI is an effective visual approach aid that operates essentially trouble-free and is cost effective to the operator. It is my understanding that the price of PLASI is very competitive because under the FAA's low bid policies, PLASI could not be sold if it were not price competitive.

PLASI has already been proven safe and approved by FAA, made eligible for federal funding, and we see no reason to change that ruling. The addition of another visual aid in our view does not create confusion for the pilots. The PLASI signal is clear and readily understood.

I have personally used PLASI on a daily basis at the Natchitoches, Louisiana, Municipal Airport and have found it to be consistently trouble-free and very accurate. It works just as well as the much more expensive VASI system used at the major airports around the country for a fraction of the cost.

Since the Subcommittee is currently reviewing the FAA budget, we hope that you will give due consideration to having this FAA order revoked in order to protect the present users of PLASI as well as to insure the maximum use of our user taxes of the Airport Improvement Program fund.

Thank you for your consideration.

Sincerely,

JAMES V. CORKERN, Jr.
President

LETTER FROM ROBERT T. WARNER, EXECUTIVE VICE PRESIDENT, NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS

April 12, 1985

Honorable Donald D. Engen
Administrator
Federal Aviation Administration
800 Independence Ave., S.W.
Washington, D.C. 21071

Dear ~~Mr. Engen~~: Don

NASAO was recently made aware of a change in the funding eligibility of the PLASI system. Our member states have advised that they were not consulted on this change, which directly affects their aviation programs and funding projects.

We believe this action should be reversed pending discussions with our members and others affected by the action.

A survey of our membership indicates that 50% of the states have PLASI on their state-funded eligibility list. Of course, many of these decisions were made as a result of FAA approval of the system in 1982. Many states have already assisted with installation of these systems.

Perhaps more important is the philosophical question of an FAA reversal of eligibility only 2½ years after approval with no coordination or comment opportunity from the intermediate airport operators and state funding agencies or the final users (pilots). Sixty percent of our members take exception to the surprise reversal.

While recognizing the increased safety that "standardization" might provide, the NASAO membership is concerned that safety derogation is really not at question in this case, and that the move to exclusive PAPI use will be an extremely expensive one. This is particularly true at more cost-sensitive (and state-funded) general aviation airports. Many states suggested PAPI requirements at international airports with more latitude for state and airport sponsors - within safety-driven criteria - at all other airports.

Given the turmoil that the recent FAA Order Change has created, we would suggest a reconsideration of its issuance and a public input period.

Sincerely,

Bob Warner

Robert T. Warner
Executive Vice President

LETTER FROM JOHN J. DICKERSON, PRESIDENT, AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES

March 20, 1985

Mr. Donald Engen
Administrator
Federal Aviation Administration
800 Independence Avenue, S.W.
Washington, D.C. 20591

Dear Administrator Engen:

We have received several complaints from airport executives regarding the FAA's policy towards the bidding and purchasing of visual glide slope indicators.

In part, the problems experienced by our members are due to the way the FAA has written AC 150/5340-25, "Visual Approach Slope Indicator Systems," how it is presently being interpreted by the Airport Standards Office, and the lack of consideration for life cycle costs in a real world environment.

At present, the Airport District Offices are requiring airports to utilize AC 150/5340-25, published September 24, 1976, in the preparation of bid specifications for a visual glide slope indicator. Technology and equipment in this area has long since surpassed the specifications detailed in the A/C. The newer PAPI and PLASI systems have both been approved by the FAA and they both have been proven to be far superior, and less expensive to maintain, than the VASI system.

However, because these new devices are more expensive to purchase than the 20 year old VASI, which has since written-off all R&D costs, some airports have been handcuffed into buying an outdated piece of navigation equipment, despite their desires for the improved technology. This compromise of safety, seems to us, due to an outdated Advisory Circular and misinterpreted low bid requirements.

We have recently heard that preliminary results from the Williams Air Force Base study of visual approach aids indicate that PLASI and PAPI far exceeded VASI in the tests conducted by Air Force pilots. In fact, the military has chosen to order several PLASI's.

While the case-in-point involves visual approach glide slope equipment the problem is not exclusive to this area. FAA Advisory Circulars are intended to be advisory. Too often to the contrary, they are specifically being written to be adopted, almost verbatim, as bid specs. Airports that go to great expense to write bid specs that happen to vary from the AC are given tremendous scrutiny. We can cite several examples where airport bid specs have been disapproved by ADO's because they misinterpreted the specs as being proprietary or for exceeding the AC's specs.

It is not AAAE's position that all checks-and-balances to the federal bidding process are inappropriate. It is AAAE's position that the present system is slow to allow newer and better technology into the market place, and when new technology is approved it competes against the depreciated costs of outdated equipment. Some organizations may be in favor of this system for the sake of standardization, but airport executives argue that the system should encourage the best equipment, products, or services for the efficient and safe operation of the nation's airports. In this regard, we are in opposition to FAA Order 6850.26A terminating AIP funding for PLASI.

AAAE would like to request a meeting with key FAA staff and yourself to discuss this matter and the means to resolve it to everyones satisfaction. I appreciate your consideration of this important issue.

Sincerely,

John Dickerson

John J. Dickerson
President

LETTER FROM LAWRENCE L. BURIAN, PRESIDENT, NATIONAL AIR TRANSPORTATION ASSOCIATION

March 29, 1985

The Honorable Donald D. Engen
Administrator
Federal Aviation Administration
800 Independence Avenue S.W.
Washington, D.C. 20005

RE: FAA Order 6850.26A, Visual Glideslope Indicators

Dear Mr. Engen:

The National Air Transportation Association (NATA) is strongly opposed to Order 6850.26A, signed by you for the ostensible purpose of promoting standardization of visual glideslope indicators.

The Federal Aviation Administration's (FAA) internal decision to select the precision approach path indicator (PAPI) as the only system for use by pilots of fixed-wing aircraft, to be eligible for Federal funding, appears to be very arbitrary. From the perspective of NATA, the Order now requires Federally-funded airports to provide a system, namely PAPI, that is more costly, and may be inferior to an alternative system from the standpoint of real life cycle costs. While some organizations and/or individuals may argue in favor of PAPI for the sake of standardization, we are more prone to encourage the use of the best equipment, including alternatives, that will provide efficient and safe aircraft operations on as many runway ends as necessary. This is especially important to our Part 135 air carriers.

Nearly a decade ago, a new development in visual guideslope indication was introduced, the pulse light approach slope indicator (PLASI). This innovation utilizes a single box signal generator, and if life cycle costs were considered (pursuant to OMB Circular 102A), PLASI would likely win in a low bid process, hands down.

We were extremely pleased when this system received FAA approvals (December 20, 1980, December 15, 1981, and August 20, 1982), upon which the manufacturer based the future of his company. Then, the sudden reversal removing PLASI as an approved system eligible for Federal funding in the February 8, 1985 Order, sends confusing signals to those of us in the user community. We do not necessarily find a direct correlation between standardization, user acceptance, and safety. In addition, we envision only higher user costs in a single system environment, and most important of all, the absence of visual glideslope aids at airports planning to purchase PLASI.

In the early days of PLASI, prior to FAA approval, NATA flight tested the system. For purposes of comparison, we used a visual approach slope indicator (VASI). Our flight test of PLASI was not based on engineering criteria, but rather, on an unbiased evaluation by one of our employees possessing broad experience as a business pilot. The results of that test were very favorable.

More recently, we have read a report that an evaluation of three visual aids, VASI, PAPI and PLASI, has been conducted by the U.S. Air Force at Williams AFB, Arizona. Aircraft used in the test were instrumented to determine the deviation from the correct glidepath when flying the visual approach aid; the approaches were flown by experienced instructor pilots.

The objective phase of the test revealed that on a statistical analysis basis, PLASI and PAPI were equivalent with respect to deviation from the correct glidepath. Both systems proved to be far superior to VASI.

In the subjective test phase, 75 percent of the pilots rated PLASI as #1, the other 25 percent rated PLASI as #2. More than 60 percent of the pilots questioned rated PAPI as #3!

Let me make a personal observation. Government cannot legislate/regulate success; the responsibility for being competitive falls squarely within the private sector. American industry needs to focus more on excellence in executing business fundamentals. But public policy provides the environment -- or the disincentive (i.e. Order 6850.26A) -- within which American industry competes, and I believe that we should make competitiveness, without compromising safety, an important standard by which decisions are made.

PAPI is a good system, and should be eligible for Federal funding. And the same is true for PLASI, thus our opposition to the Order that precludes Federal monies being spent for installation of that system.

We urge you to reinstate PLASI as a system that is eligible for Federal-funding.

Sincerely,

Lawrence L. Burian
President

Letter From John L. Baker, President, Aircraft Owners and Pilots Association

Mr. Donald D. Engen, Administrator March 8, 1985
AOA-1
Federal Aviation Administration
800 Independence Avenue, SW
Washington, DC 20591

Reference: FAA Order 6850.26A, dated February 8, 1985

Dear Don:

I'm concerned that efforts to standardize visual glidescope indicator equipment may have resulted in action comparable to "throwing the baby out with the bath water."

The implications of standardizing U.S. visual approach aids in consonance with ICAO adoption of PAPI seems reasonable. It is unclear, however, what benefit accrues to denying access to F & E or AIP funds for other visual approach systems determined operationally suitable by the Office of Flight Operations.

You are aware, I'm sure, that at least one of the systems, PLASI, excluded from funding by the order, has unique characteristics which dictate its use in applications where PAPI or VASI are not technically feasible. Access to federal funding and an opportunity to compete for those funds are vital to future availability of that aid for such uses.

Your personal reevaluation of the rationale supporting the prohibition described by paragraph 5 and some explanation of the apparent inconsistency implied by continued federal funding for "non-standard" aids at heliports would be greatly appreciated. It would be helpful for me to understand how systems previously approved for funding were eliminated.

Don, I would be pleased to have any information you could provide that helps explain Order 6850.26A to AOPA members. I encourage you to consider modifying paragraph 6c of the Order to include F & E and AIP funding for operationally suitable aids other than the "standard."

Cordially,

John

John L. Baker
President

NATIONAL GOVERNORS' ASSOCIATION

STATEMENT OF HON. WILLIAM A. O'NEILL, GOVERNOR OF CONNECTICUT AND VICE CHAIRMAN

ACCOMPANIED BY:
RAYMOND SCHEPPACH, EXECUTIVE VICE DIRECTOR
J. WILLIAM BURNS, COMMISSIONER OF TRANSPORTATION

Senator ANDREWS. Our next witness is Gov. William A. O'Neill, Governor of Connecticut, speaking for the National Governors' Association.

Governor O'NEILL. Thank you very much.

Senator ANDREWS. You may proceed.

Governor O'NEILL. With me today, Senator, is Ray Scheppach of the National Governors' Association, and J. William Burns who is my commissioner of transportation in the State of Connecticut.

We will be happy to respond to questions if you have any later.

I am the vice chairman of the NGA's Committee on Transportation, Commerce, and Communications. Following my testimony, as I said, I will be happy to answer any questions you might have.

Let me preface my specific remarks on the transportation with some general comments on the overall budget picture.

The Governors, and I am sure all of us here today, share a deep concern about the Federal budget deficit. In each of the past 3 years we, the Governors, have adopted comprehensive bipartisan positions on the Federal budget.

The current NGA policy calls for Congress to enact a freeze on Federal spending. Such a freeze must be distributed and have a burden equally between national defense and domestic spending. It should not add to the burdens of the already hard pressed, low income Americans.

Our intent is positive. As Governors we will assist in adoption of a budget freeze on many State programs and we will help to develop a national consensus for a major deficit reduction plan.

However, we are opposed to the wholesale shift in current Federal responsibilities to the State governments, an overriding and consistent philosophy of Federal control and fiscal relationship between the Federal and State government.

Yet one of the most dramatic aspects of the administration's budget is absence of any philosophy or analysis in the face of substantial shifts which are proposed. There has been no consultation with the Governors in order to set common priorities and goals. There is no plan to assure that the transition from current to proposed spending levels will be accomplished smoothly. These are the general budget concerns of the national Governors.

In my testimony I shall focus on selected transportation funding which concerns are shared by the Governors.

In the interest of time, I will address mass transit, highways, bridge replacement and rehabilitation.

One of the cornerstones to sustained and economic recovery is an efficient transportation system, one which allows farm and business products to reach markets, thereby supporting jobs, creating income, and generating tax revenues.

That cornerstone will be threatened by the administration's proposed budget. The administration has proposed massive cuts in funding for public transportation. Although the transit program represents only three-tenths of 1 percent of the total budget, it is targeted for 5½ percent of the total reduction.

State participation in federally established mass transit programs is already significant. State and local governments of 35 States provide more than 78 percent of all governmental support for transit operations. The total and immediate elimination of Federal support could mean the total elimination of many transit services.

The impact on States, localities, job development, and the economy will be severe. My State of Connecticut government provides more than 48 percent of the $70 million in subsidies which are needed to operate business systems and New Haven lines commuter rail service. Connecticut's transit system carries 60 million passengers per year. That is a volume that will severely tax our State highways in peak traffic hours.

The Governors advocate a freeze on funding for mass transit programs. However, if further cuts are to be ordered, then further operating assistance for mass transit could be phased out, not eliminated hastily.

State and local governments have the primary responsibility for the maintenance and operation of the Nation's highway system. The Federal Government participation is generally limited to the Federal aid system. That covers a little more than one-fifth of the total highway and street mileage in this country.

Where it does apply, the Federal aid system has contributed about 50 percent of the cost for construction and major rehabilitation. Development and completion of the interstate highway system remains a high priority among the Nation's Governors.

We are greatly concerned about past delays in the routine adoption of the necessary apportionment plans for the distribution of already approved funds.

The issue here is not one of new funds. Passage of the interstate cost estimate and the interstate substitute cost estimate plans are necessary before already budgeted funds can be released each year for highway projects.

Considered, but not adopted in the ICE bill enactment earlier this year was an excellent approach to preventing future delays. This was the administrative release provision proposed by the Senate. Under that proposal if the Congress were unable to enact ICE legislation, the latest approved estimates would be used by the administration to distribute the funds.

In Connecticut, as in all other States, we are doing our part to finance needed highway improvements. Last year at my request our general assembly approved a 10-year, $5.5 billion transportation infrastructure renewal program. This program was developed to tackle the problems of continually deteriorating transportation facilities.

However, this program anticipates $3.3 billion of Federal support, basically a continuation of current authorization levels. All the Governors need this Federal support for our highway systems to maintain the current economic growth this country is having.

Let me draw your attention to the continuing imposition of annual obligation controls on State highway obligations for Federal projects. This effectively discounts the spending made available for the States.

Under the controls no State is permitted to spend a totality of its apportioned funds in any given year. Funding made available for highways nationally from carryover funds and from new apportionments equals about 66 percent on the dollar under obligation ceilings proposed by the administration and the Senate.

This proposed cut of $1.7 billion in obligation would cause the total figure in the highway trust fund withheld from obligations to rise to almost $7 billion during 1986.

We urge this subcommittee to take all possible steps within the scope of its responsibilities to maintain the viability of the Federal Aid Highway Program. One important way in which you can achieve that viability is to provide a sufficient level of obligational authority on an annual basis to meet established program levels.

Another is the timely passage of the interstate cost estimates.

Our country also faces a crisis in relation to its bridges. Close to one-half of the Nation's bridges are classified as structurally deficient or functionally obsolete and are in need of replacement or substantial repair. Only about one-fourth of the country's obsolete and deficient bridges are on the Federal aid system.

The cost of replacement or rehabilitation of these bridges is estimated at about $24 billion. Off-system bridges designated as deficient are estimated to require an additional $21.2 billion for rehabilitation or replacement.

In my State of Connecticut we have experienced serious problems with bridges, problems which I think are indicative of highway systems across the Nation.

In June 1983 the most catastrophic of bridge problems occurred when the Mianus River bridge on I–95 in Greenwich collapsed. That tragedy led to the legislation and approval of the transportation infrastructure renewal program including a total price tag of $5.5 billion. In that is the repair and replacement of every one of Connecticut's deficient bridges at a cost of more than $1 billion over the next 10 years.

The success of the bridge program in all the States depends heavily on the continuation of Federal support at currently authorized levels. The Governors feel strongly that a separate and substantial bridge program must continue to be a vital part of our Nation's highway system.

The Governors recommend continued program funding at no less than the freeze levels.

Speaking now as Governor of Connecticut, not on behalf of NGA, let me focus briefly on the Mianus River bridge situation.

In 1983 the Congress authorized $20 million in emegency relief funds to help pay for work done on the aftermath of the collapse. Now, however, the administration has proposed in its budget a $6.5 million reduction in this authorization. The program would reallocate these funds to a child restraint safety program.

While that cause is laudable, a change in funding at this juncture is inappropriate. I urge members of Congress to reject any tampering with the $20 million authorization until the final emergency relief figure is negotiated with the Federal Highway Administration.

In summary, the Nation's Governors endorse the goals of deficit reduction and are willing to assist by accepting a freeze on many State programs, such as the several programs outlined in this testimony.

We are also willing to help build a national consensus to enact a major deficit reduction plan provided it distributes the burden fairly between the national defense and the domestic spending and if it does not burden the already hard-pressed, low-income Americans across this country.

Mr. Chairman, once again I appreciate this opportunity to be with you this morning and if the testimony was lengthy, I am sorry, we abridged as much as we could.

We are here to answer questions, if you have any.

Senator ANDREWS. Governor, we appreciate your appearance. We understand, of course, speaking for all the Governors of this country, it is difficult to be brief. You have done an excellent job of summation.

You impressed us, of course, in the beginning by saying you support the freeze concept. You know I have been a cosponsor of that for 3 years. So, you know how to say the right things.

Governor O'NEILL. Yes, sir.

Senator ANDREWS. That is the only way to get the deficit under control.

Let me assure you that Senator Weicker is not only a member of this subcommittee and a good friend of mine, but an effective spokesman for Connecticut. He was the author of the $20 million amendment to the Mianus bridge. He is watching carefully and keeping us updated on any revisions or anything else that might come through on that.

So, Connecticut is about as well protected as any State can be in this Appropriations Committee. You know that.

Governor O'NEILL. I am sure we are. I appreciate hearing that from you, Senator.

Senator ANDREWS. Thanks for an excellent presentation. We will look forward to seeing you again, Governor, and others from the National Conference of Governors.

Governor O'NEILL. Thank you very much for your time.

[The statement follows:]

STATEMENT OF GOV. WILLIAM A. O'NEILL

Mr. Chairman and members of the subcommittee, I thank you for the opportunity to present this statement on the Administration's budget request for the Department of Transportation. I testify today on behalf of the National Governors' Association where I serve as Vice Chairman of its Committee on Transportation, Commerce and Communications. Accompanying me is NGA's Executive Director, Raymond Scheppach.

Let me preface my specific remarks on transportation program spending with comments on the overall picture. The Governors, and I'm sure all of us here today, share a deep concern about the federal budget deficit. The current economic recovery with its lower unemployment rate and price stability is very welcome. We are concerned, however, that this economic optimism will not last long. If the deficit is not substantially reduced soon, lower economic growth over the next two decades can be anticipated. Without action, a deep and long recession or a return to high inflation, or both, may occur.

In each of the past three years, the Governors have adopted bipartisan comprehensive positions on the federal budget. The current NGA position, adopted on February 26th of this year, calls on Congress to enact a freeze on federal spending that shares the burden among national defense and domestic spending and that does not burden already hard pressed lower income Americans. Specifically, national defense appropriations in 1986 would be limited to the 1985 level plus inflation. The growth in other entitlement and mandatory spending programs would also be restrained. Part of this restraint would include a one-year freeze in all cost of living adjustments, including Social Security. Selected means-tested entitlements* are assumed to receive full funding in the NGA position. We believe that these programs have already contributed their share of budget reductions. Non-defense discretionary spending for FY 1986 would be held to the 1985 level. This is the budget category encompassing most transportation programs.

Our intent in developing our budget policy is not to be critical, but to say we are willing to assist by both accepting a freeze on many state programs and by helping to build a national consensus to enact a major deficit reduction plan while the economy continues to be strong. As partners with both federal and local governments, the Governors wish to assist in deficit reduction. We are opposed, however, to large shifts in current federal responsibilities to state government.

Many of the proposed federal cuts affect programs which are of a national priority. It is important that the Congress understand--the myth of high state surpluses notwithstanding--that the fiscal condition of the states does not permit the Governors the luxury of substituting state funds for federal spending in these areas. While the fiscal condition of states in 1985 will be somewhat stronger than that experienced in the recent past, the surpluses currently projected are quite modest given the economic and other uncertainties facing state governments. A recent survey undertaken by the National Governors' Association and National Association of State Budget Officers indicates that the states' ending balance for fiscal year 1985 will be approximately $5.2 billion, or only 2.9 percent of spending during that year. About 50 percent of the entire surplus is in only 5 states, with 28 states having balances below 3.0 percent. It is an illusion in Washington that the states will have significant surpluses to absorb federal budget cuts.

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*AFDC, Food Stamps, Title XX, Medicaid, SSI, child nutrition, and child welfare services

One of the most dramatic aspects of the Administration's budget is the absence of a federalism philosophy and analysis to accompany the substantial shifts that are proposed. We are discussing the most important document on the federal system that the Administration will produce this year, and yet there has been no consultation with Governors in an attempt to set common priorities and goals. There is no discussion of the appropriate federal role in providing services to our citizens. There is no plan to ensure that the transition from current spending levels to the proposed spending amounts is accomplished smoothly.

During my testimony today, I shall focus on the transportation funding concerns of the nation's Governors: mass transit, highways, railroad funding, including Amtrak, and bridge replacement and rehabilitation.

One of the cornerstones to sustained economic recovery is an efficient transportation system which allows farm and business products to reach markets, thereby supporting jobs, creating income, and generating tax revenues. This system must allow for the movement of people to and from their jobs and the ability to ship bulk commodities which is especially important to our long-term economic growth, especially in the world marketplace. A variety of intercity travel modes must be in place to give the nation flexibility to move people for business, recreation, and in times of national emergency. Our nation's highways remain integral to our economic development and to movement of goods throughout the country.

Mass Transit

The Administration has proposed massive cuts in funding for public transportation. The transit program has been targeted with an inordinate share of budget cuts -- it represents only three-tenths of one percent of the total budget and yet is targeted for 5.5 percent of total reductions.

The mass transit program was set up to provide grants directly to transit authorities and municipalities. Although these grants were established by the federal government, states have absorbed much of the cuts in transit funding that have occurred over the past three years. State participation in federally established mass transit programs already is significant. States and local governments in 35 states now provide over 78 percent of governmental support for transit operations, compared with a 22 percent federal contribution. State assistance has increased by $1 billion over the past two years, to a total of approximately $3 billion annually. In Connecticut, the state provides over 84 percent of the $70 million in subsidies needed to run the New Haven Line commuter rail service and the bus system around the state.

Total elimination of federal support all at once could mean total elimination of many mass transit services. The impact will be toughest on medium to small systems, communities that have been greatly improved in recent years. The impact on states, localities, job development, and the economy will be severe.

Connecticut's transit system carries about 23 million passengers annually on the New Haven Line and 37 million annual passengers on the bus systems. The highways in our state are totally incapable of absorbing any more peak hour traffic.

In funding for the mass transit program, the Governors advocate a freeze. If further cuts are taken, federal transit operating assistance should be phased out, not eliminated precipitously. A decision to eliminate federal funds as part of the current federal budget and appropriation process will not allow the states or localities enough time to consider providing transition assistance, even if there were limited state or local resources available to do so.

Highways

State and local governments play a significant role in the construction, maintenance and operation of the nation's system of roads and highways. They have primary responsibility for the maintenance and operation of the nation's highway system. The federal government's participation is generally limited to the federal aid system, which is slightly more than one-fifth of the total highway and street mileage, where it has contributed an average of 50 percent toward the costs for construction and major rehabilitation.

When much of the highway network was constructed, neither the performance characteristics of today's vehicles (size, weight and configuration) nor current travel demands were anticipated. This has led to overcrowding and deterioration. In response to concerns over our nation's highway system, the Congress has authorized significant amounts of federal funding to support state highway improvements in our states.

Use of dedicated revenues for highway improvement has traditionally been a mainstay of state and federal highway finance. Efficiency in contracting for multi-year development projects is increased with the certainty of available funds provided by contract authority. States are given sufficient advance notice of available funds through multi-year authorization bills. This kind of lead time is essential so they can generate state matching funds and plan and program project development to cause the least traffic disruption, allow the earliest completion date, and ensure the availability of contractors. The starts and stops -- and worst of all the uncertainty of any action at all -- characteristic of the past three years' Congressional work on highway funding, has not permitted efficient use of the contract authority funding mechanism.

Development and completion of the Interstate highway system maintains a high priority among the nation's Governors. We are greatly concerned, however, by the delays in routine adoption of the necessary apportionment plans for distribution of already approved funds. Passage of the Interstate Cost Estimate and Interstate Substitute Cost Estimate is required before funding is released to the states each year. ICE/ISCE approval soon will be needed in order for all highway funds to be released on time this year. Incorporated within the Senate version, but not adopted, of this year's enacted ICE/ISCE legislation was a provision incorporating an excellent approach for keeping delays from occurring in the future. If Congress were unable to enact ICE/ISCE legislation, the latest approved estimates would be used by the Administration to disburse funds. Congress would, of course, have the opportunity to make any necessary legislative adjustments before the apportionment date. We believe that this idea is receiving growing support.

In Connecticut, as in all other states, we are doing our part to finance needed highway improvements. Last year, our General Assembly approved my proposal for a ten-year, $5.5 billion Transportation Infrastructure Renewal Program which was developed to tackle the problem of continually deteriorating transportation facilities. This program, however, anticipates $3.3 billion of federal support which is generally a continuation of current authorization levels. We all need this federal support for our highway system to maintain the current economic growth.

The Governors were strong supporters of the Surface Transportation Assistance Act of 1982, and worked along side Congress to gain public acceptance for the nickel-per-gallon gasoline tax to increase revenues into the Highway Trust Fund. We now find ourselves faced with a budget proposal that would not allow states to meet commitments made on the basis of authorization levels and obligation ceilings enacted in the STAA of 1982.

Cuts in highway obligations proposed by the Administration and the Senate authorizing committee threaten to further aggravate a bad situation this year for state highway programs. The continued imposition of annual obligation controls on state highway obligations for federal projects effectively discounts spending authority made available to states. Funding made available nationally -- from carryover funds and new apportionments -- for commitment to highway contracts under the Administration's proposal equals 66¢ on the dollar. This would cause the total figure in the Highway Trust Fund withheld from obligation to rise to more than $6.8 billion during 1986.

Obligation ceilings help control the expenditure rate of authorized spending. When obligations are set lower than available contract authority, the public does not get the best and most immediate benefit from its user taxes. In addition, projects programmed under assumptions based on enacted contract authority levels are delayed while backlogged contract authority accumulates in the Highway Trust Fund. The gap between obligation levels and enacted contract authority challenges the credibility of the financing mechanism.

We urge this subcommittee to take all possible steps, within the scope of its responsibility, to maintain the viability of the federal aid highway program. One important way to do that is by providing a sufficient level of obligation authority on an annual basis to meet established program levels. Another is timely passage of Interstate Cost Estimates.

Bridge replacement and rehabilitation

The country faces a crisis in relation to its bridges. Close to half (45.6 percent) of the nation's bridges are classified as structurally deficient or functionally obsolete and are in need of replacement or substantial repair. Only about one-fourth of the nation's 230,000 obsolete and deficient bridges are on the federal aid system. The cost of replacement or rehabilitation of these bridges is estimated at about $24 billion. Off-system bridges designated as deficient are estimated to require an additional $21.2 billion for rehabilitation or replacement.

In my state of Connecticut, we have experienced serious problems with bridges, problems which I think are indicative of the highway system across the nation. In June 1983, we experienced the most catastrophic of bridge problems, the collapse of the Mianus River Bridge on I-95 in Greenwich. That disaster triggered a $5.5 billion Transportation Infrastructure Improvement Program which, among other things, will repair or replace every last one of Connecticut's deficient bridges. Over $1.1 billion is programmed for bridge work over the next ten years.

The success of our bridge program and that of the rest of the states depends heavily on the continuation of federal support at currently authorized levels. Without that type of support, we will be exposed to the possibility of life-threatening disasters or, at the least, serious disruptions to interstate and local commerce.

We feel strongly that a separate and substantial bridge program will continue to be a vital part of our nation's highway system. The Governors recommend continued program funding at no less than freeze levels.

Railroad funding

Our ability to ship commodities to world markets, particularly bulk mineral and agricultural exports, is dependent upon rail transportation. The economic future of this nation and our ability to compete in world markets are tied directly to efficient rail transportation. Passage of the Regional Railroad Reorganization Act of 1973 ("3R" Act), the Railroad Revitalization and Regulatory Reform Act of 1976 ("4R" Act), and the Staggers Rail Act of 1980 provided the basic framework and resources necessary to assist the rail industry and the states during a period of rebuilding and reorganization. Significant advances have been made during the past ten years toward the statutory goal of "...revitalization of the railway system so that this mode of transportation will remain viable in the private sector of the economy..." The Staggers Act went further to define a national interest in fostering a strong system of self-supporting feeder railroads.

The Administration is again proposing elimination of federal funding for local rail assistance. Branch line abandonments were eased with the passage of the Staggers Rail Act of 1980 and the aid program was authorized at $80 million per year to mitigate resulting adverse service effects. Between 1978 and 1982 the federal government had appropriated $317 million, states provided $643 million, local government and shippers provided $54 million, and the railroads provided $281 million. Continued funding of this partnership, which leverages federal dollars 3 to 1 and allows continued service in support of industry and jobs, will depend on Congressional action. The Governors favor no less than freeze level funding for rail needs.

Amtrak

Amtrak is proving its value as a national surface transportation system. Its management has demonstrated that it can improve efficiency and service. Although slowly, Amtrak is improving efficiency and revenue-to-cost ratio, which has increased from 48 percent in 1981 to 58 percent in 1985. It has projected a revenue-to cost ratio of 60 percent for FY 1986.

While Amtrak should be expected to continue its efforts toward self-sufficiency, eliminating Amtrak subsidies is not cost-effective. Doing away with Amtrak would involve writing off billions of dollars of capital investment already made, incurring billions of dollars of new liabilities in labor protection costs, and triggering expensive new investments in alternative modes. The short term "savings" would cost the rail system over $645 million in labor protection costs in the first year alone. Last year's appropriation for running the railroad was $684 million.

States have invested more than $100 million in capital improvements on more than 15 routes. There is little salvage value for this investment. More than 25,000 jobs in 44 states would be affected. The positive impact on the economy of this deficit reduction is likely to be more than offset by the negative effect of destroying a valuable transportation asset that has increased in efficiency and steadily gained ridership.

It has been suggested that the states pick up the cost of operating Amtrak. Again, this recurrent theme is not a viable option. Such an approach is not feasibile for a number of reasons. First, the interstate nature of the system makes it almost impossible for efficient action on a state by state basis. Second, many of the states affected have little or no surplus. Third, even in the limited areas where state funding is available, there will not be sufficient lead time for action. Legislative appropriation would generally be required and most legislatures will not meet during the months in which such a complicated restructuring proposal would have to be implemented. It is unreasonable and unrealistic to think that the states could act to determine the structure of a state-supported Amtrak, let alone provide for appropriation in state capitols, before the onset of the new fiscal year.

Summary

In summary, Mr. Chairman, the nation's Governors endorse the goal of deficit reduction and are willing to assist by accepting a freeze on many state programs, such as the ones outlined in this testimony -- mass transit, federal aid highways, railroad funding and bridge replacement and rehabilitation. We are willing to help build a national consensus to enact a major deficit reduction plan that shares the burden among national defense and domestic spending and that does not burden already hard pressed lower income Americans. Mr. Scheppach and I will be happy to answer questions you and members of the Committee may have.

ADDENDUM TO WRITTEN STATEMENT OF GOVERNOR WILLIAM O'NEILL

Speaking as Governor of Connecticut and not on behalf of the National Governors' Association, I would like to address the Mianus River Bridge, which collapsed in June 1983. The Congress that year authorized $20 million in emergency relief funds to help pay for the work done in the aftermath of the collapse. Now, however, the Administration has proposed in its budget a $6.5 million reduction in this authorization. The proposal would reallocate these funds to a child restraint safety program. While that cause is laudable, a change in funding at this juncture is inappropriate. I urge members of the Congress to reject any tampering with the $20 million authorization until the final emergency relief figure is negotiated with the Federal Highway Administration.

NGA POSITION ON THE FEDERAL BUDGET

The nation's Governors are deeply concerned about the large federal deficits that are projected over the next five years. These deficits are projected to increase from $215 billion in fiscal year 1984 to $296 billion in 1990 if current policies are continued. We believe it is critical that a major federal deficit reduction program be enacted in 1985 while the economy continues to be strong. Failure to address the problem this year will require stronger measures in the future. Such measures may be extremely difficult to enact if the economy slows.

Our concerns focus on the following areas:

o The economy - Deficits of the magnitude projected (5.3 percent of GNP by 1990) will significantly retard economic growth and productivity over the next decade. First, high interest rates will maintain an over-valued dollar which will continue to restrain United States exports and stimulate imports, thereby reducing growth and contributing to the current international trade deficit of over $120 billion. Second, high interest rates will limit investment in plant and equipment, which will restrict productivity and America's ability to compete internationally over the long-run. Finally, both high interest rates and the high value of the dollar are causing distortions of national priorities and major disruptions in certain sectors of the economy, particularly agriculture and heavy industry. During the next decade, unemployment and other economic disruptions may take place if significant deficit reductions are not attained.

o State fiscal condition - The fiscal condition of states in 1984 was somewhat improved over the very difficult 1982-1983 period, when 44 states raised taxes and 43 reduced spending to balance their budgets. Due to the budget reductions over this period, state spending in 1984 was still below the real level attained in 1981. The 1985 surplus projected for states is $5.3 billion, which represents only 2.9 percent of spending. The financial markets prefer a 5 percent margin to maintain the highest ratings for state bonds. In addition, 50 percent of the balance is expected to be in only five states, with most other states either reporting very small balances or projecting deficits. Furthermore, states that rely heavily on natural resource production or agriculture are witnessing substantial erosion of their tax revenues. Funds available to the states in future years must be used to meet pressing obligations deferred by states because of the recession—infrastructure, education, environmental protection, income security, prison overcrowding and other critical needs. If the federal deficit restrains economic growth, then state revenues will be reduced, and states must reduce services or raise taxes to compensate for lower revenues. States are not in a position to absorb significant new fiscal responsibilities from the federal government.

Accordingly, the Governors urge Congress and the Administration to initiate a four point plan to restore the fiscal position of the United States as follows:

1. Adopt a freeze on federal spending for fiscal year 1986 that shares the burden among national defense and domestic spending and that does not burden already hard pressed lower income Americans. Given that the federal budget problem is now approaching a crisis situation, a freeze on spending is required.

2. Reform major nonmeans tested entitlements and other mandatory spending programs to increase the long-run control of federal spending.

3. After the budget freeze and reforms have been enacted, it may be necessary to increase revenues to reduce the structural deficit.

4. Enact procedural reforms including a balanced budget constitutional amendment.

The combination of the budget freeze and program reforms and the potential revenue increase should be consistent with the long-run goal of attaining a balanced federal budget. Interim goals of reducing the projected deficit to approximately 3 percent of GNP by 1988 and 1 percent by 1990 should be adopted.

Budget Freeze

1. Non-defense discretionary spending: Hold the 1986 appropriation level to the same level as in 1985. For the 1987-1990 period, this component should be increased at one-half the rate of inflation. This category includes programs administered through state and local governments, assistance to business and commerce, veterans programs, health care, environmental regulation, research and development, economic and military assistance to foreign governments, and most of the cost to operate the various branches of the federal government. Funding should be made available for the federal share of superfund, which should be reauthorized this year. Reductions in other programs in this category should be made to accommodate this funding.

2. National defense: Limit national defense appropriations in 1986 to the 1985 level plus inflation. For the 1986-1990 period national defense spending would be allowed to increase 1-3 percent in real terms. Defense spending has increased 61 percent between 1981 and 1985, and some slowing of this rate is appropriate to maintain cost-effectiveness in weapons systems and other procurement.

3. Selected means-tested entitlement programs: Provide full funding for the following programs: AFDC, Food Stamps, Title XX, Medicaid, SSI, child nutrition, and child welfare services. These programs have already been reduced substantially over the last four years and have already contributed their share of budget reductions.

4. Other entitlement and mandatory spending programs: Restrain the growth in these entitlement programs which are projected to increase 33 percent between 1985 and 1990. Included in this category are the medical insurance, Social Security, disability, farm price support and retirement programs funded by the federal government. A one-year freeze on all cost-of-living adjustments should also be enacted.

Long-run Reforms

After the budget freeze has been enacted, the Congress and the Administration should turn their attention to reforms which will increase the cost-effectiveness of entitlement and other mandatory spending programs. Over the long-run the goal should be to increase the controls over the federal budget. Reforms should include Medicare, federal pensions and farm programs. A new commission should be convened to look at potential long-run reforms in Social Security. It is important that reforms in these programs protect low income beneficiaries.

Revenue Measures

Even after the 1986 budget freeze and long-run reforms are enacted, it may be necessary to raise some additional revenues to attain the interim deficit targets. The revenue increase must be one that does not raise average or marginal tax rates, shares the burden fairly, and can be enacted quickly. State and local tax deductibility should not be singled out for reduction or elimination in any revenue increase.

Another important measure that the federal government could take to help reduce the deficit is to tighten enforcement of the federal tax code. Such action, which has recently been employed in many states with excellent results, would serve not only to ensure payment to the Treasury of needed revenues but would increase public confidence in the fairness of the federal system of taxation. The National Governors' Association urges that the Administration and Congress strengthen the Internal Revenue Service tax enforcement procedures—and increase resources, if necessary to pay for them—as integral to and in conjunction with efforts designed to eliminate the structural deficit.

Procedural Reforms

Procedural changes which have worked in the vast majority of states must be made so that the Administration and Congress can eliminate the deficit by the end of fiscal year 1990. A constitutional amendment requiring a balanced federal budget and providing the President with line item veto authority are needed to insure federal fiscal responsibility.

Budget Targets

In order to assure a commitment to deficit reductions, the Governors urge Congress and the Administration to agree on specific bipartisan deficit targets for each of the next five fiscal years. These deficit targets should represent a downward glide path from approximately 3 percent in 1988 to 1 percent of GNP by 1990. Congress and the President should work together to approve FY 1986 appropriations, tax and reconciliation legislation consistent with the established targets. The ultimate goal which the NGA recommends is the complete elimination of the deficit. Congress and the Administration should adopt a coherent long-term strategy that achieves this ultimate goal and meets the 1990 objective.

NATIONAL ASSOCIATION OF AIR TRAFFIC SPECIALISTS

STATEMENT OF EDWARD L. HUIE, DIRECTOR, LEGISLATIVE AFFAIRS

Senator ANDREWS. Our next witness, Edward Huie, is from the National Association of Air Traffic Specialists.

Mr. Huie, it is good to have you here again.

Mr. HUIE. I regret to inform you that my principal is not present for reasons unknown. I think he is in traffic. With the Chair's permission, I will proceed with his statement.

Senator ANDREWS. Thank you.

Mr. HUIE. We appreciate very much the opportunity to appear before you, Mr. Chairman.

This association is designated by the Secretary of Labor as the exclusive representative of all bargaining unit members who are air traffic control specialists (station).

In our view of the 1986 budget request of the Federal Aviation Administration, we find the predicted workload in the flight service system will increase by 4.4 percent from 59.6 million to 62.2 million flight services.

At the same moment the FAA proposes to reduce the number of funded positions by 120 full-time positions and 68 full-time equivalent positions. The rationale as presented, in our view, is meager. It is based on the increasing capability by the private sector to provide flight services.

The FAA has contracted a study to examine the potential for the provision of flight services by the private sector.

In the 1985 budget request there was a prediction of 5.8 percent and the FAA solution at that time was very logical and they requested additional positions. The private sector capability was present in 1985 and yet it was not addressed.

Yet the FAA is predicting an increased capability in an area of which it has no control. It provides only weather information and does not address emergency and other services provided by the existing flight service system.

We would be more comfortable with the proposal if we had definitive FAA answers to the following questions:

One: What is the product liability of the private sector service?

Two: What is the equipment redundancy?

Three: What are the FAA contingency plans when the private sector enterprise goes out of business or if the employees withhold their services in a strike situation?

Four: What does the private sector business charge for a product which is already funded by user charges in the ADAP Trust Fund?

Five: How many flight services per month are provided by the private sector?

The FAA says that it has contracted a study to examine the potential for expansion of the role of the private sector in this area. From the tenor of this budget submission, one could easily infer that the direction of this study is well guided and that the conclusions and recommendations are preordained.

I would like to invite your attention to the table which shows the fatalities in aviation as recently published by the National Transportation Safety Board. Please note that the hours flown in general aviation are five times greater than those of the scheduled carriers.

Moreover, general aviation operates about 100 times the number of aircraft. The real hazards to flying, in our view, are weather, landings, takeoffs, and low-altitude flying.

The 98th Congress enacted a law to provide for the transfer to Federal employees additional expenses which they had been providing for themselves. This has been implemented by the General Services Administration, but, unfortunately, has not been implemented by the Secretary of Transportation. This has been causing a lot of problems in the big movement of employees that we have during the consolidation process.

Last, we would like to compliment the Administrator. We believe that his leadership has made this budget request as good as it can be in our case. We are beginning to feel cooperation at all levels. We believe this is a mark of leadership and a foundation for progress.

Thank you, Mr. Chairman.

Senator ANDREWS. Thank you very much, Mr. Huie, for an excellent statement.

What is your organization members' assessment for the model 1 automated equipment being tested now by the FAA?

Mr. HUIE. Not very many have seen it, but they are looking forward with enthusiasm to using it.

Based on reports of the new people who have seen it, they are very much impressed by it, Mr. Chairman.

Senator ANDREWS. Thank you very much.

[The statement follows:]

STATEMENT OF BRUCE B. HENRY, PRESIDENT AND EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF AIR TRAFFIC SPECIALISTS

Mr. Chairman and Distinguished Members of this Subcommittee, I am grateful that you have provided me with the opportunity to appear before you and to express my thoughts and opinions relative to the 1986 Budget Requests of the Federal Aviation Administration. I am accompanied by Mr. Edward L. Huie, our Director of Legislative Affairs.

The Flight Service System is an integral part of the Air Traffic Control System and there are about 311 flight service stations throughout the United States. The personnel who staff the Air Traffic Control System are designated by the Office of Personnel Management as Series 2152 and are called:

. Air Traffic Control Specialists (Station)

This category is the least understood of all the categories because of the lack of term standardization and the widespread use of colloquialisms. FAA, and others as well, confuse the issue by referring to this category as Flight Service Specialists, Specialists, Flight Service Station Specialists, Station Specialists, Station Personnel, Station Controllers, Controllers and Specialists. It is so confusing that uninformed persons sometimes infer that these are the personnel who fuel and maintain aircraft. For NAATS this is an overwhelming educational burden.

The other two categories are:

. Air Traffic Control Specialists (Terminal)

. Air Traffic Control Specialists (Center).

This Association is designated by the Secretary of Labor as the exclusive representative of all the bargaining unit members who are Air Traffic Control Specialists (Station) Series 2152.

Personnel in all three categories are frequently called "Controllers," by FAA and others as well, and one might infer that they actually control aircraft in the ordinary sense of the word "control." Federal Aviation Administration Regulation 91.3(a) clearly states "The pilot in command of an aircraft is directly responsible for, and is the final authority as to the operation of that aircraft."

If responsibility for operation of the aircraft is vested in the "pilot in command" as the FAA has prescribed, then control and separation can only be exercised by the pilot and not by an FAA employee located on the ground in some faraway place using a radarscope, an inexact instrument at best even when operating at peak efficiency.

In our review of the 1986 Budget Request of the Administration we find that the predicted workload in the Flight Service System will increase by 4.4% from 59.6 million to 62.2 million flight services. At the same moment the FAA proposes to reduce the 1985 number of funded positions by 120 full-time positions and 68 full-time equivalent positions.

The FAA rationale for this proposed action (page 50) is meager:

> "D. Planned Program Decreases
>
> A reduction of 120 positions, 68 FTE's and $2,716,000 is based on an increasing capability by the private sector to provide flight services. The FAA has contracted a study to examine the potential for expansion of the role of the private sector in this area."

In the Budget Request in 1985 there was an FAA prediction that the Flight Service workload would increase by 5.8%. The FAA solution at that time was very logical and it included an increase in the number of funded positions to meet the increased requirement.

The private sector capability was present in 1985 and yet it was not addressed. And now the FAA is suddenly predicting an increased capability in an area over which it has no control; which provides only weather information and does not address emergency and other services provided by the existing Flight Service System.

We would be more comfortable with the proposal if we had definitive FAA answers to the following questions:

1. What is the product liability of the private sector service?

2. What is the equipment redundancy?

3. What are the FAA contingency plans when the private sector enterprise goes out of business or if the employees withold their services in a strike situation?

4. What does the private sector business charge for a product which is already funded by user charges in the ADAP Trust Fund?

5. How many flight services per month are provided by the private sector?

The FAA says that it has contracted a study to examine the potential for expansion of the role of the private sector in this area. From the tenor of this Budget submission one could easily infer that the direction of this study is well guided and that the conclusions and recommendations are preordained.

Additional rationale appears on page 42 of the Budget submission.

> "Flight Service Stations. Current plans call for consolidation of approximately 300 existing FSS's into 61 automated facilities. FY 1986 is the third year of the program. All automated facilities are expected to be commissioned by FY 1991. The automated system will reduce staffing requirements by providing users with direct access to the computers. Most pilots will be able to obtain preflight services without having to talk directly to a specialist."

This has been predicted for a number of years and the program has been plagued by delay after delay, and the only consolidaation of recent date has been Boston and Windsor Locks at Bridgeport, CT.

In this case the same old equipment was installed and is in use at Bridgeport with no personnel savings. This is a far cry from direct access by pilots, which is highly advertised by the FAA. Even today the Model I equipment is still undergoing test and evaluation at Atlantic City.

Mr. Chairman, our real-world recommendation is to maintain

1985 personnel levels until such time that all can see demonstrated performance in these FAA contemplated aviation safety measures.

Mr. Chairman and Members, you may infer that our arguments are only motivated by our special interest in maintaining a large community of bargaining unit members so that our own organization may thrive and prosper.

But please believe me when I tell you that our membership is dedicated to aviation safety for reasons beyond what you might expect.

The pilots who fly General Aviation aircraft are our friends. We know the pilots and we know their families and we meet them time and time again on a recurring basis. This very fact sets Flight Service apart from the remainder of the Air Traffic Control System. We are the only group that deals face to face with our customers and accordingly we acquire not only a professional responsibility, but also a very personal responsibility for our actions.

For that reason, and others as well, we are alarmed at the report of the National Transportation Safety Board dated January 10, 1985 with the stark body count of fatalities for the past ten years set forth as follows: (Please bear in mind that General Aviation is our primary customer, although we serve all aircraft.)

FATALITIES

		U.S. Air Carriers* All Scheduled Service (Airlines) (14 CFR 121)	General Aviation** Air Taxis Commuters TOTAL	Air Taxis	Commuters	General Aviation
	1975	122	1,355	69	28	1,258
	1976	38	1,353	100	27	1,226
	1977	78	1,430	118	32	1,280
	1978	160	1,761	155	48	1,558
	1979	351	1,380	77	66	1,237
	1980	0	1,392	103	37	1,252
	1981	4	1,410	94	34	1,282
	1982	233	1,268	72	14	1,182
	1983	15	1,119	62	11	1,046
P.	1984	4	1,094	55	41	998
Total	10 yr. period	1,005	13,562	905	338	12,319

AIRCRAFT HOURS FLOWN

P.	1984	7,302,000	35,626,000	3,328,000	1,757,000	30,541,000

P. Preliminary

* About 2,200 aircraft

**Over 200,000 aircraft

Please note that hours flown in General Aviation are five times greater than hours flown for the scheduled carriers and fatalities are thirteen times greater. Moreover, General Aviation operates about one hundred times the number of aircraft.

The FAA prefers to deal in fatality rates per one hundred thousand hours flown. This produces minuscule results. We, however, prefer to set forth fatality count which we believe is a better measure of safety and does not include hundreds of thousands of "very safe" hours flown. The real hazards to aviation are weather, landings, takeoffs, and low altitude flying. This is the area of General Aviation operations. And this is where the FAA proposes to reduce ground support services.

The 98th Congress enacted Public Law 98-151 (Nov. 14, 1983) which sought to ease Federal employee burdens when relocating from one job location to another.

As the FAA proceeds with the consolidation program for Flight Service Stations, hundreds of employees and their families will be required to move to new locations.

On July 25, 1984, the General Services Administration implemented a significant portion of this law (GSA Bulletin FPMR-A-40 Supp. 11) which provided guidance to Executive Departments and Agencies.

Unfortunately, the Secretary of Transportation, as of this date, has not published any further guidance or implementation authority and the situation for Air Traffic Control Specialists (Station) at Flight Service Stations is producing anxiety, trauma, and in some cases, despair because of future uncertainty.

As far as we can determine, no funds for this relocation program have been included in this budget request.

We invite your attention to the fact that the Commissioning of thirteen Automated Flight Service Stations, set forth on page 35 of the Budget Justification, are not in complete agreement with those planned for 1986 in the well known FAA "Orange Book" which addresses consolidation actions.

Such unannounced changes suggest confusion in the consolidation process.

We very much regret that the FAA has requested no capital funds in Fiscal Year 1986 for Flight Service modernization. They state that they have sufficient funds already appropriated for this purpose. We are indeed hopeful that such is the case and that it is not an indication that the FAA has undisclosed plans to abandon the Model 2 system.

And finally, Mr. Chairman and Members, we wish to express our hope for the future in the current leadership of the FAA, both the Administrator and the Deputy Administrator. The Administrator came into office when the conditions were less than ideal and we know that this Budget is as good as it is because of extraordinary effort on the part of the Administrator. In some areas the Administrator was locked in concrete and nothing could be done. We are beginning to experience cooperation and a spirit of helpfulness at all levels within the Federal Aviation Administration and we believe this to be a mark of leadership and a foundation for progress.

Thank you, Mr. Chairman.

AIRCRAFT OWNERS AND PILOTS ASSOCIATION

STATEMENT OF JOHN SHEEHAN, SENIOR VICE PRESIDENT, GOVERNMENT AND PUBLIC AFFAIRS

Senator ANDREWS. Our next witness is Mr. John Sheehan of the Aircraft Owners and Pilots Association.

Mr. SHEEHAN. Good morning, Mr. Chairman.

It is indeed good to be here for the first time to present my testimony before you.

First of all, I would like to state in the past AOPA may have been associated with a move to negotiate everything that the FAA was trying to do in the national air space system program. I think we have gotten a bum rap on that. To prove that, this year we are trying to be a little bit more surgical in our comments concerning their budget.

I will try to be very brief to give you some opportunity to have some questions at the end.

On the trust fund issue, we would like to object strenuously to the fact that O&M spending is being proposed to go beyond the level of restraints that are tied to the airports and F&E.

We also would like to object to the fact that interest payments are proposed to be deleted from moneys borrowed from that trust fund.

Speaking to flight service stations, we would like to echo many of the comments Mr. Huie has made.

We also would like to thank you very much for your strong leadership in flight service stations, especially your taking the lead concerning closings and essentially holding FAA's feet to the fire with five conditions you put on this year's closings.

Obviously, we would like you to continue that strong leadership and perhaps even go further to push them to the point where they will reintroduce the concept of model 2 even to the point of talking to commercial vendors to provide that for them.

On the subject of the microwave landing system, this is a continuing thorn in our side. We feel that the microwave landing system does not provide an adequate cost-benefit for all of the people who use precision instrument approaches in the United States, for that matter, the world.

We need precision instrument approaches at the airports in the United States today, not 10 years from now, as it will take to get there.

The delays in the microwave landing system have brought forward a series of calls from various parts of the aviation world concerning the need for interim ILS's and the fact ILS should be retrofitted to give them a longer life so that we can, in fact, get to the point where ILS may provide benefits for us.

With regard to the advanced automation system, we are still not convinced that what we are looking for in the 1994–97 timeframe will give us what is exactly needed by the aviation world today.

On top of that the system integration contract that the FAA has with Martin-Marietta, a grand total of $620 million, thus far in a little bit over a year of effort has told us that the FAA has had 30 percent of the projects associated with the advanced automation slip.

To me I don't think we are getting our money's worth out of that particular contract.

Finally, with regard to R&D money, we notice with some dismay that there is a 26-percent decrease in overall funding for R&D. We think this is a mistake. There are a lot of programs out there that need help.

Finally, I would like to say that the proposed F&E slowdown, that is, in excess of $200 million to slow down what is going to happen with regard to the mass system should be viewed with some skepticism to make sure that we slow down the right things and not throw the baby out with the bath water.

Thank you, Mr. Chairman. I will be glad to answer questions.

Senator ANDREWS. Thank you for your statement, Mr. Sheehan.

What amount of privatization of flight service station activities does your organization feel is appropriate?

Mr. SHEEHAN. We have already talked to the FAA's contractor on that fact. We are unsure at this point what we would recommend in that regard because the ground rules have not been issued to us saying what areas of privatization would be there.

Again, we echo some of the concerns of Mr. Huie. I guess that sounds like a waffle answer, but until somebody tells me exactly what the ground rules are, I can't give a recommendation, only concern.

Senator ANDREWS. Will access to private weather systems be available at general aviation?

Mr. SHEEHAN. Yes, sir, they are today. There are some excellent weather systems today out there available, some five or six vendors have these and access is available.

We think the FAA could take some lessons from these commercial vendors so that they can get on with their automation.

Senator ANDREWS. Thank you, Mr. Sheehan.

[The statement follows:]

STATEMENT OF JOHN J. SHEEHAN

INTRODUCTION

Mr. Chairman, I am John J. Sheehan, senior vice president for government and public affairs of Aircraft Owners and Pilots Association (AOPA). AOPA appreciates the opportunity to appear before this committee today. We believe the work of this committee will set the stage for the future of air transportation in the United States. Therefore, AOPA has reviewed carefully the budget proposals of the Federal Aviation Administration and we trust that our opinions will be viewed in the "constructive" spirit in which they are intended.

To begin, Aircraft Owners and Pilots Association is the largest aviation organization in the world. It has an audited membership--constituency--of more than 265,000 pilots who own and/or fly general aviation aircraft and own over 140,000 of the nation's aircraft.

For background purposes, general aviation is all flying except that done by the commercial, certificated air carriers and the military. There are more than 213,000 aircraft in the general aviation fleet. That represents more than 98 percent of all of the civil aircraft in the United States.

Further, AOPA represents those pilots who fly for personal reasons as well as a major portion of those who fly for business in this country. AOPA members and their families also represent the largest single organized group of passengers who travel on air carrier aircraft ($500 million worth of ticket purchases annually). We are consumers seeking only safety, economy and utility.

Last year, general aviation aircraft carried more than 187 million passengers intercity. That is more than the combined total of 26 of the certificated air carriers and represents nearly 40 percent of all of the people who travleled by air during the year. And, general aviation did it out of more than 14,000 airports in the United States. The carriers served just over 400 airports. At the same time, primarily because of deregulation, the air carriers were abandoning service to many communities. In 1984, the air carriers dropped 21 communities from their service points. Since 1978, service has been suspended at a total of 109 locations.

I am certainly not suggesting that general aviation represents the arteries of this nation's air transportation system, but it does play a major role in filling the air transportation needs of many people and I believe can be accurately described as the veins and capillaries of the system. General aviation gives air transportation its network capability.

The purpose of the federal excise tax on aviation fuel which is deposited into the Aviation Trust Fund and which has a forecast surplus for FY 1986 of nearly $6.7 billion was to improve the nation's air transportation system. It was an investment pilots made in the future of aviation. Sadly, that money never has been spent appropriately during the entire 15-year history of the program. We have not received a dollar's worth of services for a dollar's worth of investment and it is clear to us that trend will continue if the recent budget submitted by the Federal Aviation Administration goes unchallenged by this committee.

Air travelers in this country, regardless of what they are flying, deserve better.

GENERAL

AOPA supports the philosophical concept of modernizing and improving the nation's aviation system. We have stated that support a number of times in a variety of forums including at previous hearings of this committee. We firmly believe that, in order for air transportation to meet the needs of the public, improvements and enhancements should and must be made. We, however, have been concerned all along that the National Airspace System plan simply is not an accurate reflection of the needs of the aviation community. In fact, most of the programs in the plan were instituted without benefit of user input.

During the first 75 years of aviation's history, most everything that happened in aviation was user-motivated. We were the people that said we needed more aircraft. Shops, then factories, were constructed to build and maintain more airplanes. And, if we were going to get utility from these machines, airports were a necessity, so airports were built. Then a peripheral industry grew up in terms of flight training, aircraft maintenance, fuel distribution and sales, and pilots services. Somewhere along the line we seem to have lost that "user-motivated" insight and the initiative shifted from users to the government, manufacturers, insurance companies and others.

Today we are told how to fly. We are told where we can and cannot fly. And, we are told how much the machines and other services are going to cost us. The National Airspace System plan is nothing short of a continuation of that basic philosophy.

While there are a variety of areas of the NAS plan which AOPA does support, we believe, as a general statement, that NAS is a collection of often unrelated programs which have been drawn into a "system" format, many of which represent old and previously discarded ideas.

For the past three years, AOPA has come before this committee, urging that specific direction be given FAA on certain portions of the plan. Now that system development delays have become obvious, we believe it is even more important that this committee take an active role in the future of the NAS plan to ensure that aviation in the United States is provided the facilities necessary to progress at a reasonably predictable pace--facilities for which users are paying.

Former FAA Administrator, J. Lynn Helms's NAS plan is the most costly single program since the NASA effort to put a man on the moon. If NASA had moved at the rate we are progressing with this plan, not only would they have not reached the moon, they may not even have made it to Peoria!

AIRPORT AND AIRWAY TRUST FUND

The Administration has proposed that an additional $800 million beyond what is authorized by law be drawn from the trust fund to cover the operations and maintenance of the agency. AOPA does not support this "raid" and also strongly opposes additional funding for FAA administrative expenses from the trust fund. These expenditures would set an all-time high subsidy level for the FAA and would guarantee that aviation consumers--AOPA members--would pick up the tab for three-fourths of the regulatory agency's operating expenses.

Presently, adjustments to the 1982 Airport and Airway Improvement Act permit a portion of FAA's O&M expenses to be drawn from the trust fund, based on a formula which is tied to expenditures for facilities and equipment, research and development, and airports. Not only does FAA want to significantly increase its take from the trust fund for operations and maintenance (a proposed increase of $884 million or 79% over last year), but the Administration now has introduced a bill to remove from the legislation the language regarding spending levels for F&E, R&D and airports (the "triggers").

The underlying assumption that users should fund 85% of the FAA Budget essentially says there is no public benefit derived from aviation. This is obviously untrue, unacceptable and intellectually dishonest.

Further, they are attempting to make the aviation trust fund the only trust fund in the federal arsenal to which interest would not be paid when the government borrows money from it. We believe their attempts are not only a breach of trust, but also are unlawful. Further, removing this control could easily encourage tremendous, unfettered growth in the agency's operations expenses with the resulting draining of the funds.

We urge Congress to halt the government's raid on the aviaton trust fund and ensure that this fund receives the same interest treatment as every other federal trust fund. To allow this raid to occur would encourage continuing efforts to divert the hard-earned tax dollars of the American public for purposes for which the taxes were never intended.

AOPA members are more adamant about these two transgressions than any other item in the budget request. The law is clear. It should be adhered to if the trust fund concept is to remain viable and should not be amended.

FACILITIES and EQUIPMENT

We support the outlay of the $1.1465 billion on F&E, but feel that some of the funds could be redirected to better realize the priorities of the NAS plan. Any efforts to slow down funding of the plan should be carefully weighed against true needs of the aviation community.

FLIGHT SERVICE STATIONS

We have testified before this committee on several occasions opposing the FAA's efforts to close flight service stations before comparable or enhanced service is available to pilots. This committee has taken a strong leadership role in addresing this problem and pilots nationwide appreciate your efforts.

Through FY 85, more than $302 million has been appropriated to develop a modernized automated FSS network. As of today, however, not a single automated flight service station has been opened. $171 million already has been spent during the past three years and, instead of improving services to pilots, services actually have been degraded. Even though Model I equipment and software is undergoing initial testing at the FAA Technical Center in Atlantic City (FAA has not even field tested or certificated the system for operation), the agency is pressing forward, closing existing stations and moving highly skilled flight service station specialists into newly constructed buildings at out-of-the-way locations which are inconvenient for pilots. This cavalier treatment of these highly skilled and motivated people is driving them out of the system in wholesale numbers.

FAA predicts a 4.4 percent increase in specialist workload in the coming years, and to meet this demand and personnel needs to handle the "transition," the agency requests 285 temporary FSS assistants at a cost to users of $3 million. At the same time, however, FAA is planning to cut 120 permanent FSS specialists at a cost savings of $2.7 million. FAA is suggesting that $300,000 be spent for less experienced personnel!

There is absolutely no evidence of a commitment from the FAA to develop and implement an automated, modernized system before closing and consolidating these facilities. From our perspective and that of our members, that simply is unsafe and, therefore, unacceptable. The inevitable deterioration of service will constitute a safety hazard that will soon be reflected in the accident statistics.

Once again, we strongly urge this committee to withhold funding and prevent any further closures of flight service stations until new, automated equipment is installed, operating properly, and, in fact, proved capable of providing equal or better service to pilots. This includes user verification of proper operations rather than solely verification by the FAA.

PRECISION APPROACH LANDING AIDS (ILS/MLS)

The FAA has requested a budget of $46.6 million to purchase and install 60 ground-based Microwave Landing System transmitters in FY 86. Thus far, FAA has selected 100 sites for MLS installations and plans ultimately to install one thousand of these units nationwide. AOPA urges this committee to deny that request for a variety of reasons.

First, we need additional precision approach facilities now, not te years from now. This means more ILS installations. Second, there is only limited or lukewarm support for the concept of a mass transition from ILS to MLS. Each particular segment of the aviation community has its own pet uses for MLS, but there is very little call for total transition to it by any single class of user. This is true in both the U.S. and Europe. In fact, there is a move to convince the International Civil Aviation Organization to move protection date for ILS termination from 1995 to 2005.

Contrary to statements made by this Administration, MLS simply does not offer the pilot community or the flying public increased services or benefits. In fact, it would represent a major equipment investment for individual aircraft owners as well as the air carriers--investments which would reap no calculable return.

To begin with, even though FAA claims that MLS airborne receiving units applicable for general aviation ultimately would be available for $3,000 per unit in 1980 dollars, the fact is that currently those units are going for around $14,000 apiece.

Aviation safety dictates that, in many cases, especially for those pilots flying hard IFR, two airborne MLS receivers be installed. Therefore, based on today's figures, the general aviation community will be forced to spend between $1.4 billion and $2.8 billion just to re-equip its aircraft, and that is on top of the already substantial investment they have made to equip their machines with Instrument Landing System receivers. (Currently, there are approximately 140,100 general aviation aircraft in the United States equipped for instrument flight operations.)

Additionally, FAA plans to place most of its MLS transmitters primarily at general aviation airports located in non-urban areas which will do absolutely nothing to ease the current airport capacity problem being experienced at hub locations.

We firmly believe that, instead of wasting time, effort and valuable dollars on a system which will not provide better service, which indeed could jeopardize aviation safety, and which will deny many communities the ability to get increased utility from their airport for up to 15 years, FAA should be directed to continue with ILSs and improve their efficiency by replacing old tube-type systems with up-to-date solid state systems. I would like to bring to the attention of this committee an April 2, 1985 report issued by the General Accounting Office which stated that $31 million in life cycle savings could be realized if this were done.

AOPA believes that MLS ground-based transmitters should be installed only in areas where terrain conditions obviate the use of ILS.

LORAN-C

Loran-C is an idea whose time has come. Not only does it provide an alternative to conventional VOR navigation--especially in remote parts of the country--but, it also offers the potential for non-precision instrument approaches to virtually every airport in the United States. In today's economic climate, these opportunities allow greater flexibility for general aviation and increased utility from the machines. Indeed, the FAA has earmarked $1.5 million to equip its own aircraft with LORAN-C.

AOPA supports FAA's request for the development of Loran-C non-precision instrument approach capability and would urge this committee to take this one step further.

Currently, Loran-C does not provide coverage to the entire continental United States. Two additional chains of transmitters would be required to fill the mid-continent gap. The FAA is on record as supporting this, but is unable to fund it. This is a very good investment, as it will enable even the smallest of the nation's 13,000 airports to have an instrument approach.

Had funds been appropriated earlier, the cost might have been less than $45 million. Because that option period was missed, the cost to fill the mid-continent gap now is in the neighborhood of $62 million.

AOPA urges this committee to dedicate those funds necessary to provide this additional service to the aviation community.

AIRPORT IMPROVEMENT PROGRAM

AOPA fully supports the Administration's request for $1 billion for the Airport Improvement Program, but in making that statement, also would like to make one observation.

In the 15 years federal financial assistance has been available, the government has spent more than $6.9 billion on airports. Unfortunately, the largest chunk of these dollars has gone primarily to major air carrier-dominated facilities in large metropolitan areas which, in many cases, have more money than they know what to do with.

During that time, this country has first, lost many of its airports and, second, not met the requirements of the air traveling public.

From 1974 to 1984, we lost more than 16 percent of our public-use airports. Further, more than 36 percent of the privately owned, public-use airports went out of business. In other words, billions of dollars have been spent on airports during the past 15 years and we still are no better off than we were before. The congestion/delay problem we experienced last summer and expect to experience again this summer will not be solved solely by a readjustment in air carrier scheduling practices nor will it be solved, in the long term, by building an expensive air traffic control system. The only hope for long term capacity increases to meet the public's demand for efficient air transporation is in the pouring of more concrete.

AOPA believes that at least the $1 billion proposed by the government should be spent on airports, but it is time that money went toward areas where there is a real need--increasing capacity in and around major metropolitan areas by building more runways at existing airports and, indeed, by building more airports.

AIRPORTS DIVISION STAFFING

The FAA is the 1985 recipient of Senator William Proxmire's annual Golden Fleece Award for government mismanagement. This mismanagement was in part due to insufficient manning of the airports district offices which were supposed to manage surplus airport lands in Florida.

We think the FAA is making a serious mistake in letting the airports staffing lapse from authorized levels. We urge the committee to fund at least two additional people in each airports district office as a means to recover some of what has been lost.

Despite the FAA's greater interest in other areas of its jurisdiction, the nation's airports are the key to a growing and modernized aviaton system. The airport capacity problem will not be solved by computer power and additional air traffic controllers alone. It takes building more runways and we believe more people, and hope that some can be added to the FAA's request. Besides, the FAA doesn't need the Golden Fleece for more than one year at a time!

WASHINGTON NATIONAL AND DULLES INTERNATIONAL AIRPORTS

Now that the new terminal will be built at Dulles, we believe the FAA should use profits generated by Washington National and Dulles Airports to build a general aviation parking ramp at Dulles and finally fund the general aviation West runway at National. These long-planned items are essential to the continued growth and increased utility of this under-utilized facility.

SYSTEMS ENGINEERING AND INTEGRATION CONTRACTS

The FAA has requested $67.2 million to pay the Martin Marietta Corporation to oversee the implementation of the National Airspace System plan. This is the second installment on a total contract worth $628 million through 1992. After more than a year of operation, the aviation community has not seen a great deal of results from this oversight and integration effort. The contract is expected to total $628 million through 1992. This certainly appears excessive.

The National Airspace System plan has already been developed, designed and submitted to Congress at least three times formally. In each of the years of the Martin Marietta contract, that company will receive more for overseeing the FAA's administration of the development of the National Airspace System plan than the FAA will spend on the actual NAS development administration.

We think that $628 million is simply too much for a federal agency to pay an outside consulting firm to oversee and duplicate its activities, especially if their primary function is to tell us how far behind the FAA is with the AAS.

RESEARCH AND DEVELOPMENT

Research, Engineering and Development shows a 26% decrease in budget authority from last year. Decreases in R&D funding for aircraft separation assurance, flight service stations, terminal control, navigation, weather and aircraft safety programs seem to ignore the critical issues facing aviation in the years to come.

Specific programs such as TCAS, Flight Service Station Direct User Access, human factors workload, satellite applicability to future air traffic control, general aviation aircraft safety and many others need additional funding if they are going to reach timely conclusions. Delays in these research programs will tend to stifle the progress of aviation and air commerce in the years to come.

A small increase in airports R&D is insufficient to adequately fund the very important airport capacity enhancement issues that could provide relief for our major airports and their relievers.

These under-funded programs are offset by fully 53% of the R&D budget allocated to continued development of the advanced ATC computer. This large amount of money will be devoted to the pursuit of a system predicated on ground-based communications, navigation and surveillance (CNS) systems. A major portion of these funds should be diverted to the investigation of a more efficient satellite CNS system. The interim host computer should provide adequate system capacity until satellites can be fully evaluated.

CONCLUSION

We believe we have identified many areas where FAA's budget proposal is suspect. We believe this Administration can save millions of dollars by carefully reviewing its own programs and its own proposed expenditures.

However, this will simply not be done unless this committee mandates it. You have assumed a leadership role in the past and we encourage you to assume that same leadership role once again.

Thank you for this opportunity and, if AOPA can be of further assistance, I sincerely hope this committee will not hesitate to call on us.

AIR TRANSPORT ASSOCIATION OF AMERICA

STATEMENT OF PAUL R. IGNATIUS, CHIEF EXECUTIVE OFFICER

ACCOMPANIED BY:
ROGER FLEMING, SENIOR VICE PRESIDENT OF FAA
JAMES MURPHY, VICE PRESIDENT OF AIRPORTS

Senator ANDREWS. Our next witness is Paul R. Ignatius, chief executive officer, Air Transport Association of America.

Mr. IGNATIUS. Thank you, Mr. Chairman.

I am delighted to be here. I will use the 5 minutes allotted to summarize my statement.

On my right is Roger Fleming, senior vice president of FAA, in charge of all of our technical work.

On my left is Jim Murphy, vice president of airports.

Mr. Chairman, first, the administration's request for the airport program of $1,017,000,000 is at the authorization level. We are delighted to see that. Of course, we fully support it.

The F&E request of $1.146 billion is $230 million less than the authorization level and about 15 percent less than what was appropriated last year, but the Administrator of the FAA has said that he thinks he can get by with this amount without any significant slippages to keep programs.

Over the long run the accumulated deficit here is something that I think has to be addressed or there could be some difficulties with regard to key milestones in this important program.

The R&D request of $196 million is about 10 percent less than the authorization level.

There are two broad areas that I want to talk about. One is airport enhancement and, two, airways enhancement. These are important elements in the system.

With regard to airports, ATA, my organization, undertook a study last year which has been presented to the FAA and is currently under review with them at which we have made a series of very specific recommendations to relieve congestion and to reduce delays at the 22 airports where some 95 percent of the delays have taken place.

The program breaks down into two parts.

One, the expenditure of F&E funds to buy certain equipment and, two, the expenditure of AIC funds for certain pavement projects.

If these recommendations are carried out, we believe that the capacity can be increased at these airports from 10 percent to as much as 30 percent in some cases. The amount of money involved is about $86 million of F&E and about $150 million for pavement of which something like about $125 million would come from the AIP program.

It is important for me to state in view not only of your chairmanship of this committee, but also your involvement with the Budget Committee that these amounts can be accommodated within the budget request that the administration has come forward with.

There will not be need for additional money, although in the case of the F&E items there will be some reprogramming required.

Second, let me turn to airways enhancement. The FAA has reported to you in testimony that Admiral Engen has earlier given to this committee many of the areas in which progress has been recorded over the several years since the PATCO strike in 1981. There are still some things we think can be done.

One we would regard as a prudent action. We think it would be useful if you could cloak the FAA Administrator with additional flexibility, up to, say, about 10 percent or so, to augment the level of 41,400 controllers to a higher number, say 10 percent or so higher, in the event that contingencies arise that are unanticipated.

Those contingencies would fall into two areas.

One, slippages in the NAS program that would have the effect of delaying the productivity against that are assumed as the NAS program comes into effect.

Two, if traffic forecasts turn out to be lower than actually take place, the workload on the system will be higher.

For these reasons we think it would be good insurance if you cloak the Administrator, as I say, with flexibility to raise that level by about 10 percent.

These are the main points I wanted to make.

My colleagues and I are now prepared to address your questions.

Senator ANDREWS. Thank you, Mr. Ignatius.

Administrator Engen has acknowledged the expense and difficulty of the aviation system absorbing 17,500 Amtrak Northeast corridor passengers in the already congested Washington-New York airspace.

Do you agree with this assessment by Admiral Engen?

Mr. IGNATIUS. I have not had an opportunity to go into this in significant detail, but I have looked at some of the data. It seems to me from material that Amtrak has developed, and which I guess is the basis for that, that the figure of 17,500 per day includes intermediate stops as between Washington and New York.

It is the totality of that movement, both eastbound and westbound. I believe that they have stated also that the traffic that originates in New York and terminates in Washington or originates in Washington and terminates in New York is somewhat around 2,700 per day. I believe that is the number, I am not certain.

If that is the number, then that is not as substantial a number as the 17,500 if one is talking about absorption of that on the part of the airlines.

Senator ANDREWS. We heard from Mr. Claytor that 38 additional takeoffs and landings would be necessary.

We also have the ATA's recommendation for airport improvements, which include 28 million at LaGuardia, 7 million at Newark, 30 million at Boston, 33 million at JFK, and 2 million at National.

I assume that is just for existing capacity; is that not true?

Mr. IGNATIUS. The recommendations that we have made and which I summarized quickly in my statement include LaGuardia and other airports in this group of 22. They are designed essentially to improve the all-weather capability of the airports.

They do not take into account matters such as increased flights that would arise from the cessation of Amtrak, but in a general way would contribute to capacity for where it would be needed for any purpose.

Senator ANDREWS. Thank you very much, Mr. Ignatius.

[The statement follows:]

STATEMENT OF PAUL R. IGNATIUS

ATA has consistently urged the appropriation of the full authorization amounts for the Airport (AIP), facilities (F&E) and research (R,E&D) programs provided for in the Airport and Airways Improvement Act of 1982.

Budget Requests

- ATA is pleased that the AIP request for $1.017 billion is at the full authorization level.
- The F&E request of $1.146 billion is $231 million less than the authorization level and 15% below the FY 1985 appropriation, but FAA has stated that this amount is sufficient to maintain the schedule of the critically important airways modernization plan. The cumulative deficiencies must eventually be restored in order to avoid slippages in key programs.
- The R,E&D request of $196 million is about 10% less than the authorization level.

Airport Enhancement

ATA recommends a program to increase capacity at the 22 airports where 95% of the delays have occurred. The program is being reviewed by the FAA and enjoys widespread support within the aviation community. It will require $86 million in F&E funds and $154 million in airport development funds and will increase capacity from 10% to 30% at the individual airports. The recommendations can be carried out within the budget totals requested by the FAA, with reprogramming required for the F&E portion.

Air Traffic Control (ATC) Enhancements

FAA has reported substantial progress in improving ATC capacity, but additional steps are needed. ATA believes the FAA Administrator should be provided with the necessary flexibility to increase the controller level by about 10% in order to provide insurance against unanticipated developments. Additionally, ATA believes that more use should be made of retired controllers on a part-time or full-time basis to assist in the training effort and to help meet peak hour demands.

Trust Fund Issues

Currently the Trust Fund surplus amounts to more than $3 billion. Airline passengers and shippers provide about 95% of annual Trust Fund receipts, and the Congressional Budget Office has stated that "user fee receipts from commercial air traffic already exceed its share of costs". The airlines hope that Congress will find a way when it reauthorizes the legislation to release Trust Fund monies for needed projects.

The Administration's FY 1986 budget request for FAA operations exceeds the amount allowed in current law and would require a legislative change. Additionally, the Administration's request fails to credit interest on Trust Fund balances, and would also require a change in the law. Matters of this kind should be addressed during reauthorization hearings.

Mr. Chairman and members of the Subcommittee, my name is Paul R. Ignatius. I am Chairman of the Board and Chief Executive Officer of the Air Transport Association of America, whose member airlines constitute the major segment of the nation's airline industry. I am accompanied by J. Roger Fleming, Senior Vice President, Technical Services, and James T. Murphy, Vice President, Airports and Materials. We are pleased to offer our views on the Federal Aviation Administration's (FAA) Fiscal Year 1986 budget request and related issues, and seek the Committee's support of actions that will assure the continued safety, high quality, and convenience of air transportation. Most importantly, our testimony will address airport and airway capacity enhancement, and modernization of the air traffic control system.

Introduction

Mr. Chairman, the provision of a safe, efficient and constraint-free airport and airway system is an objective shared by all segments of aviation, both public and private. We applaud the Congress for its commitment through the years toward its achievement.

The airlines' foremost consideration is safety, and the industry's outstanding safety record reflects this emphasis. The FAA and the National Transportation Safety Board have reported that in 1984 the airlines achieved a record low total accident rate and the second lowest fatal accident rate. In fact, in the years since airline deregulation, the U.S. scheduled airlines have recorded the best safety record since the jet age began.

The adequacy of the airport and airway system is also a high priority matter to the airlines, as it is to the FAA. Economic deregulation of the airline industry, culminating in the sunset of the Civil Aeronautics Board (CAB) on January 1 of this year, requires carriers to pursue efficient operating and marketing practices. The ability to move traffic safely and efficiently is a necessity for all elements of aviation, and we commend Transportation Secretary Dole and FAA Administrator Engen for their efforts toward fulfillment of this objective.

For the airlines to meet the growing needs of the travelling and shipping public, the capacity of the airport and airway system must be increased. Without system growth, the benefits of economic deregulation will not be fully realized, and market mechanisms will be increasingly supplanted by schedule restrictions and operating constraints as capacity falls short of user demand. While long-term enhancements will eventually flow from the National Airspace System Plan (NAS Plan), we must identify all reasonable opportunities for short-term gains during the interim period.

ATA has consistently urged the appropriation of the full authorization amounts for the Airport Improvement Program (AIP), the Facilities and Equipment (F&E) account, and the Research, Engineering and Development (R,E&D) account provided for in the Airport and Airways Improvement Act of 1982. Full authorization is needed to maintain the pace of the NAS Plan. We recognize, however, that budgetary constraints may again affect funding levels, even though there is a $3 billion surplus in the Trust Fund. Next year, when reauthorization of the five-year Trust Fund legislation will occupy the Congress' attention, the barriers that impede the application of available user-funded resources to the purposes for which they were collected must be addressed. This problem has gone on for many years and we hope it will finally be resolved.

Meanwhile, every effort must be made to utilize available resources to enhance airport and airway system capacity. We have several recommendations for immediate gains, including an ATA-developed program to increase capacity at the 22 airports where most of the delays are occurring. This important program, which I will describe later, can be carried out within the budget totals requested by the FAA and we urge the Committee to give it its full support.

Air Traffic Control Enhancements

FAA has taken many steps intended to alleviate last summer's serious delay problems, as noted in Administrator Engen's recent testimony before this Committee. Additionally, the air carrier and business aviation communities have taken voluntary steps to ease congestion and delay.

While progress in many areas has clearly been achieved, there are additional steps that can be taken to enhance ATC system capacity. First, we believe it would be prudent to give the FAA Administrator the means to revise upward the target level of 14,400 controller personnel for Fiscal Year 1986 by, say, 10%. These additional resources would be needed if slippages occur in attaining the productivity gains anticipated in the NAS Plan, or if traffic grows more rapidly than expected. Under these circumstances, the ATC system would be hard pressed to accommodate demand, and the leadtime for qualifying new controllers would be painfully long. FAA would have a head start on the problem if this flexibility in controller staffing were granted. Because the consequences of having too few controllers are so serious, it makes sense to provide this "insurance policy" reserve.

Secondly, action is needed to accelerate the advancement to fully qualified levels of controllers currently in a training status. This process is carried out through on-the-job training, with experienced controllers performing the training function. If too much emphasis is put on handling traffic, the experienced controllers will be able to devote only limited time to the trainees. Conversely, if too much emphasis is placed on training, system capacity will suffer because the experienced controllers will not be able to devote enough time to handling traffic.

ATA has long believed that greater use of retired controllers is one of the best ways to resolve the dilemma just described, relieving the active controllers from undue training obligations so that they can concentrate their efforts on handling traffic. The use of retired controllers on a part-time basis is also an effective means for meeting peakhour demands. We urge the Committee to explore these possibilities with FAA experts in the hope that they will enable further progress in enhancing ATC system capacity and reducing delays.

Airport Enhancement

FAA Administrator Engen has said many times that airport capacity will be the most serious constraint upon future growth, and he has urged action to assure the availability of needed resources. ATA, and the entire aviation community, agree with this assessment, and applaud the Administrator for his foresight.

The NAS Plan, of course, will eventually increase airspace capacity but the gains will have only limited effect if airport capacity remains static. A first important step is the budget request that you are considering. ATA fully supports the Administration's request for $1.017 billion Airport Improvement Program (AIP), the full authorization level for Fiscal Year 1986. AIP funding in this amount will enable FAA, in conjunction with airport sponsors, to provide airport enhancements to accompany the modernization and expansion of the airways system.

As noted earlier, ATA recently completed a comprehensive study to identify immediate possibilities for increasing capacity at 22 major airports where most of the delays have occurred. The study's recommendations can be accommodated within the budget totals requested by the FAA, and without any change in the airport and airways legislation.

The ATA study confirmed what knowledgeable individuals have long recognized, that there are only limited opportunities for major capacity increases through dramatic means such as construction of new air carrier runways. Improvements must come from lesser measures which together can add up to significant gains, ranging from 10% to 30%, at the individual airports. These measures include airfield construction of various kinds, as well as procurement of approach aid hardware designed to increase the all-weather capability of airports.

The recommendations of the ATA study are summarized in Attachment A to this statement. The study has been reviewed with the FAA, airport operators, and other aviation groups, and has received widespread support. The priority airfield construction items include runway extensions, taxiway improvements, and other measures to increase the operating efficiency and capacity of the major airports. ATA is currently coordinating the study's recommendations with airport sponsors and the FAA to determine funding possibilities through AIP entitlement and/or discretionary grants. The Facilities and Equipment aspects of the study's recommendations will be discussed in the next section of this testimony.

In summary, the study's recommendations can be carried out within the requested budget totals. Expeditious action by FAA on the specific items in the study can provide significant improvement in the all-weather capacity of the airports which handle the vast majority of the system's traffic and where approximately 95% of the system delays occur.

Facilities and Equipment (F&E)

The airlines support the NAS Plan and are pleased with the progress that FAA has made on the Plan's major elements, even though funding deficiencies have occurred over the past several years. This progress would not have been possible without appropriations last year which were more consistent with program authorizations. The airlines, as you know, are the principal source of these funds through the ticket and way bill taxes and international departure charges paid by airline passengers and shippers.

FAA has requested $1.146 billion for Facilities and Equipment (F&E) for Fiscal Year 1986. This request is $231 million less than the authorization level, and more than 15% below the FY 1985 appropriation. Taking into consideration the tight budgetary situation facing the federal government and the current barriers to the use of the Trust Fund surplus, this level of F&E funding represents a major continuing commitment to airways modernization. By the end of 1986, however, the cumulative F&E appropriations will be approximately $1 billion short of the cumulative authorizations. FAA has indicated that its request this year will permit the critical programs to be carried out on schedule. Unless the cumulative deficit is addressed and eventually resolved, schedule slippages are bound to occur.

As previously mentioned, the capacity enhancements identified in ATA's 22 airport study require F&E as well as AIP expenditures. The specific F&E items are shown in Attachment A, and would cost $86.3 million in total. They consist of additional landing aids and associated hardware to overcome capacity limitations occasioned by adverse weather. A major component is the provision of more Instrument Landing Systems (ILS). These additional systems can provide much needed capacity in the interim period before the Microwave Landing System (MLS) is developed, tested and installed. Airborne MLS equipment fully developed, tested and certified for use in airline aircraft remains many years away. During this period, airlines and other operators must continue to employ large fleets of ILS-equipped aircraft. Moreover, runway associated equipment, such as frangible approach lighting systems (ALS), and runway visual range systems (RVR), included in the ATA study and installed in conjunction with ILS, are required for MLS operation.

ATA has urged the FAA to proceed with the procurement of the F&E items identified in the airport capacity enhancement study. They can be obtained within a period of only a year or two and within FAA's budget request, with some reprogramming of individual line items. The ILS installations will operate for many years before the MLS systems replace them, and the associated equipment will be part of the eventual MLS installations. The locations where the additional ILS systems would be provided are shown in Attachment A.

Research, Engineering and Development (R,E&D)

R,E&D funds, like F&E funds, have fallen somewhat below authorization levels. Completion of needed research and development projects is essential to successful implementation of the NAS Plan, and shortfalls in funding will adversely affect NAS Plan schedules unless fully authorized funding is eventually provided. Reduction in R,E&D funding has also affected programs for increasing airspace and airport capacity, for example, programs to modify separation standards applicable to aircraft approaching to land.

Trust Fund Issues

The final section of our testimony addresses several important Trust Fund issues. As you know, the Administration this year has come forward with several controversial proposals that are inconsistent with Congressional intent and strongly opposed by the aviation community. First, the Administration proposes to amend Sec. 506(c)(2) of the Airport and Airways Improvement Act of 1982 to permit FAA to exceed, by $1.2 billion in FY 1986, the amount of Trust Fund expenditures allowed in current law for operations. The airlines believe that basic structural changes in the authorizing legislation, as would be required by the Administration's proposal, should be deferred until the comprehensive examination that Congress will undertake when the reauthorization hearings begin next year.

Secondly, the Administration's budget request eliminates the crediting of interest on Trust Fund balances. Mr. Chairman, even the IRS pays interest to taxpayers when it holds their money unnecessarily. Airline passengers and shippers contribute $3 billion a year — over 90% of the Trust Fund receipts — for needed improvements in the airway and airport system. The Congressional Budget Office has stated that "user fee receipts from commercial air traffic already exceed its share of costs". Currently, a large surplus in the Trust Fund exists at the same time that needed projects go unfunded. We hope the Congress will insure that interest is credited this year as it has traditionally and properly been done in the past.

Finally, the Administration proposes to fund a major portion of FAA's Headquarters administration costs from the Trust Fund. Such a proposal is contrary to the purpose for which the Trust Fund was established. The appropriate time to consider a proposal of this type should be in connection with the reauthorization legislation next year.

Mr. Chairman, this completes the ATA statement. My associates and I would now be pleased to address your questions.

ATTACHMENT "A"

March 14, 1985

AIRPORT CAPACITY ASSESSMENT AT THE 22 PACING AIRPORTS

Introduction

The 22 pacing airports included in Exhibit I account for over 95% of the total delays incurred by air carrier aircraft operations in the United States. The continuing delays being experienced at these airports are very costly to the aviation industry, and disruptive to the airline system.

In view of this intolerable situation, ATA has performed a comprehensive study of these airports and determined what can be done through recommended airfield construction and installation of various Facilities and Equipment (F&E) items to increase capacity at each of these airports so that significant reduction in delays are obtained.

Approach to Study

In the performance of making this assessment, material was obtained from the following sources.

- FAA Air Traffic Activity Reports
- FAA Airport Improvement Task Force work at eight airports.
- Airport Capacity Improvement and Delay Reduction Industry Task Force work chaired by Don Reilly of AOCI.
- Airport Access Task Force, chaired by CAB Chairman Dan McKinnon.
- ATA Regional Offices
- ATA Airline Industry Survey of Airports.
- Various consultant reports.

Areas focused upon included ATC procedures (both en route and terminal area), runway lay-out and use, taxiway flow, environmental problems, current capabilities and potential actions for immediate or short term benefits.

Two separate two-day meetings were held to review all pertinent information and develop recommended actions to be taken. Airline expertise with respect to Air Traffic Control procedures, flight operations, airfield engineering and planning, and properties and facilities was represented at both of these meetings, along with various ATA Regional Office personnel.

General Findings

1. Over the last 10-15 years, many positive programs have been accomplished to increase capacity at each of the airports, which have followed traditional expansion plans. These include constructing new runways, extending existing runways, and developing taxiway systems, aprons, and gate areas to accommodate increases in traffic.

2. However, it will be difficult to build any new air carrier runways at any of these airports, with the exceptions of Denver and Kansas City, and current construction of the runways at Dallas/Ft. Worth and Houston. (An additional runway could be built at Las Vegas, but this study has concluded that this additional runway is currently not required.)

3. Therefore, the focus has now shifted to preserving and enhancing the use of the existing runways. This includes increasing the capability, flexibility, and capacity of the current airfield systems.

4. During normal operations, the ATC center sectors are the bottleneck in the system. They are the current limiting factor for most of the airports today. In general, the en route controllers cannot feed the traffic into and out of airports as fast as the tower controllers and airport runway systems are capable of handling.

5. However, during periods of low ceiling and reduced visibility, or undesirable crosswind conditions, the airport acceptance rate is severely reduced. Therefore, there is a great need to increase the all-weather capability on many of the runways at most of the 22 airports.

6. En route weather related delays are also a big problem that is very disruptive and costly to the aviation industry.

7. Deregulation has affected most of the airports with significant increases in commuter and air taxi operations. These commuter flights do provide important passenger feed, but negatively affect runway capability by reducing capacity, caused by slower approach speeds, wake vortex turbulence operational restrictions, and longer runway occupancy time.

8. In general, the tower personnel are doing a very good job in their procedures and ability to maximize the use of the existing airfield surfaces at the 22 airports. However, the additional programs such as Traffic Management Units (TMU) should be accelerated, along with the necessary required staffing. This will improve coordination between ATC centers and towers, resulting in making better use of existing airspace and airfield capacity.

9. There are very few airports where the construction and use of "stub" or STOL Runways for general aviation and commuter aircraft make sense or are physically possible. It is imperative that the use of these types of runways be truly independent from a terminal airspace and airfield operational standpoint. Otherwise, a reduction in airport capacity will result.

These types of runways are typically placed in locations that require long taxi distances, crossing active air carrier runways and impose increased brake wear and tear on commuter aircraft. As a result, the users for which these runways are intended are not inclined to utilize them, which places these aircraft back in the stream of air carrier jets.

10. Generally, the use of joint-use military airfields as reliever airports does not appear to be an attractive or feasible alternative at this time. The required infrastructure of reliable ground transportation services, concessions, etc. would have to be developed to an acceptеble level to attract general aviation away from the air carrier airports.

Recommendations

1. Airport weather related conditions that generally occur 10-30% of the time severely reduce airport acceptance rates. A major contribution to this reduction and resulting delays, is the lack of landing aids. Therefore, ATA strongly recommends that the FAA install needed conventional ILS systems on a priority expedited basis. The loss of airport capacity during adverse weather conditions, currently the result of FAA's inaction in this regard, cannot possibly be offset by waiting for the initial implementation and transition to the MLS.

> The airlines continue to make large investments in airborne ILS equipment, as well as extensive flight crew training, so as to obtain the highest utilization from their aircraft fleet. However, the airline investment is wasted unless the FAA makes a similar investment in the corresponding ground based equipment. Unfortunately, this study has revealed that this is one area where the FAA is seriously deficient, particularly as it pertains to the purchase and installation of instrument landing systems (ILS), frangible approach light systems (ALS), runway visual range systems (RVR), and Airport Surface Detection Equipment (ASDE).
>
> FAA's decision to pursue the microwave landing system (MLS) has effectively stopped the installation of needed conventional CAT I/II/III ILS systems as well as the upgrading of existing instrument landing systems, e.g. CAT I upgrading to a CAT II/III.
>
> In addition, this study has revealed that the FAA has failed to maintain a viable RVR program since the late 1970s. RVR provides numerous operational advantages by providing lower landing and take-off minimums for the runway in use.
>
> While FAA does purchase frangible approach light systems (ALS), the time between purchases is long in duration and the number of systems ordered falls drastically short of real demand. The availability of frangible approach light systems is critical to the airlines' operations since a frangible system is now a requirement for approval of CAT II/III landing minimums.

> This recommendation is not intended to polarize the issue and create an ILS vs. MLS controversy. Rather, it indicates the urgent need for rapid installation of the conventional ILS equipment, while simultaneously continuing the research and development of the MLS. It would be imprudent for the industry to sit back and wait several years for the new upgraded hardware systems to be developed and tested, while suffering the tremendous costs, disruption and delays that are being experienced due to the lack of ILS system installations.
>
> In other words, the industry will view the installation of the requested conventional systems as interim. As a result, the airlines would be willing to use the new technology systems after they have been fully developed, thoroughly tested, produced, and installed at a sufficient number of locations to make the transition. Of course, this transition is contingent upon the new systems being proven to be superior to today's technology, and their operation and cost benefits make their implementation desirable.

2. ATA strongly supports the installation on a priority basis of the F&E items that are included on the various "Airline Industry Survey of Airports" pages for each of the 22 pacing airports, which are attached as part of Exhibit III.

3. ATA strongly supports the priority airfield construction items that are also included on the Survey pages in Exhibit III. These include various runway extensions, new, angled, and bypass taxiways, widening of existing and constructing new fillets, etc.

4. ATA strongly supports nighttime (2300-0600 hours) construction of all runway and critical taxiway overlay projects. This thoroughly proven technique guarantees that daytime capacity that is required is maintained. This is a key element in preserving capacity.

> At the 22 pacing airports, there are sufficient alternate runways to maintain the nighttime operations of all-cargo and air express package service carriers. However, alternate single taxiway access to their cargo ramps and parking areas must be maintained.

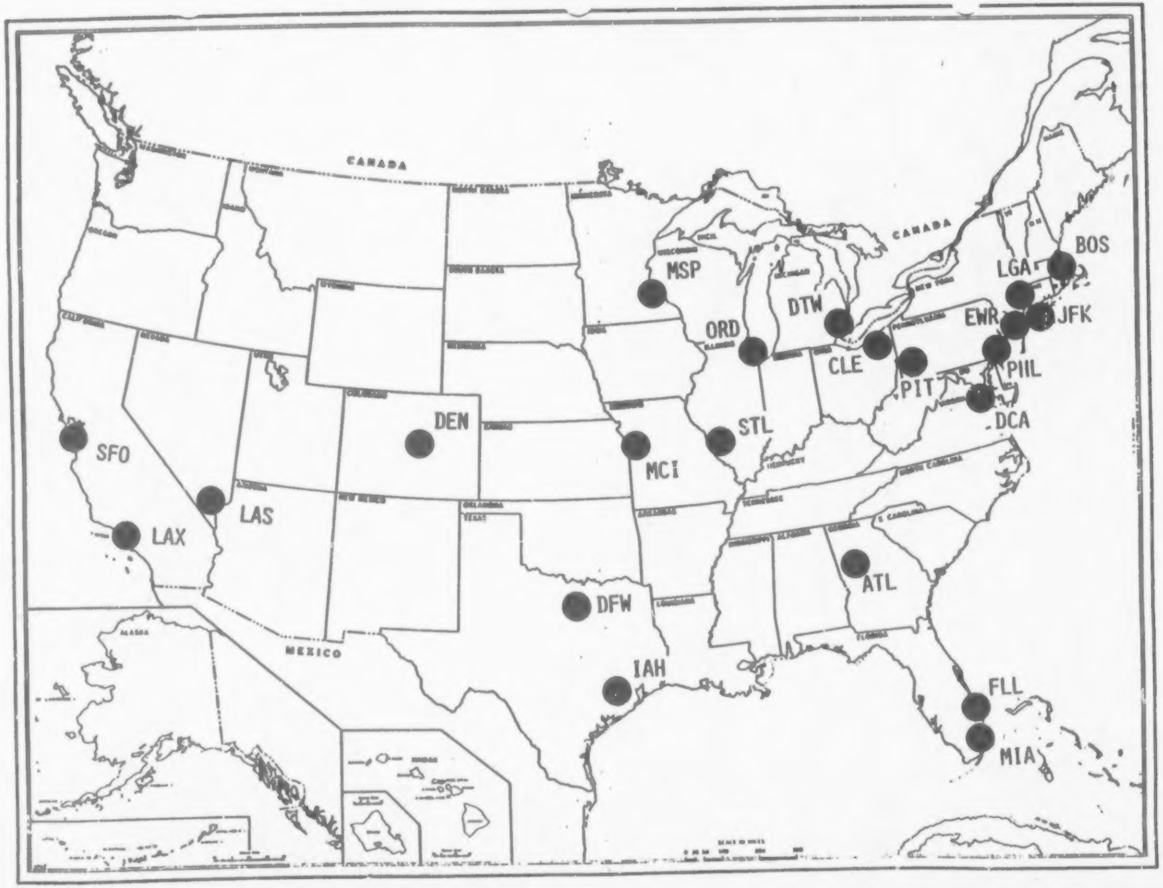
5. ATA strongly supports and requests priority emphasis on the FAA's program to test the various experimental flight operational procedures which, if adopted and used, would provide a significant increase in airport capacity. These include the following:

   a. Independent IFR operations on parallel runways down to 3,000 foot centerline separation;

   b. Reduced longitudinal separation down to two and a half miles;

   c. Simultaneous independent arrivals on converging runway systems.

THE 22 PACING AIRPORTS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Air Transport Association of America

AIRLINE INDUSTRY SURVEY OF AIRPORTS

CITY:	Atlanta	**PVMT. STRENGTH:**	B747-200 825,000
AIRPORT:	Hartsfield Atlanta Int'l	**R/W LENGTH:**	B747-200 825,000
STATE:	Georgia		
SERVED BY:	AA,DL,EA,FM,FT,IW,NW,OZ, PI,RC,TW,UA	**REVIEW DATE:**	March 1, 1985
AIRLINE CHAIRMAN:	R. McClelland - DL	**AMENDMENT DATE:**	

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	R9L/27R	
	a. R27R MALSR	MALS - estimated commissioning 3/85 Rail - estimated commissioning CY 1987
2.	R8L/26R	
	a. R8L ILS CAT IIIa	CAT II ILS estimated commissioning 4/85
3.	R9R/27L	
	a. R27L TDZ Lights	Install when runway requires rehabilitation work.

CITY:	Boston	**PVMT. STRENGTH:**	B747 710,000
AIRPORT:	Logan International	**R/W LENGTH:**	B747 710,000
STATE:	Massachusetts		
SERVED BY:	AA,AC,AL,CL,CO,DL,EA,FM,FT NW,PA,PI,QH,RC,TW,UA	**REVIEW DATE:**	March 1, 1985
AIRLINE CHAIRMAN:	R. H. Wesson - DL	**AMENDMENT DATE:**	

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	R4R/22L (Grooved)	
	a. R22L ILS	Reduce minimums to RVR 1800/ DH200.
	b. Construct runway end inclined safety area.	
2.	R4L/22R (Grooved)	
	a. Extend R4L SW 1900' to 9770'	
	b. R4L VASI-6 Add instrument approach capability	Not planned by FAA. Not planned by FAA.
	c. R22R Add instrument approach capability	

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
3.	R15R/33L (Grooved)	
	a. R15R CAT II ILS ALSF-2	Not planned by FAA. Upgrade MALSF for CAT II operations. Not planned by FAA.
	b. R33L Construct runway end inclined safety area	
4.	R9/27 (Grooved)	
	a. Extend R9 west 1800' to 8800'	
	b. R9 REIL	Not planned by FAA.
	c. R27 ILS	Reduce minimums to RVR 2400/DH 200.
	d. Midpoint RVR for take-off	
	e. Construct runway end inclined safety area	
5.	Additional fillet on west side of intersection Taxiway "G" and taxiway "C".	
6.	Extend R15L/33R 800' to 3,300' and construct paralell taxiway to full length of the runway extended.	
7.	Construct a new R14/32 at least 3,600' long.	
8.	Improve taxiway access to R4L, R4R and R9.	
9.	Construct fillets at intersections of Taxiways "C" and "D" with R15R/33L.	
10.	Explore the value of constructing a paralell taxiway to and East of R4L/22R from Taxiway "N" to Taxiway "S".	

CITY: Chicago **PVMT. STRENGTH:** B747 830,000
AIRPORT: Chicago O'Hare Int'l **R/W LENGTH:** B747 830,000
STATE: Illinois
SERVED BY: AA,AC,AL,BN,CL,CO,DL,EA,FL,FT,
NW,OZ,PA,PI,RC,SI,TW,UA,WA **REVIEW DATE:** March 1, 1985
AIRLINE CHAIRMAN: J. R. Street - UA **AMENDMENT DATE:**

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	R4R/22L	
	a. TDZ lights R4R.	High priority
	b. Centerline lights	High priority
	c. R4R ILS (CAT II/III) ALS (CAT II/III)	R4R CAT II is first priority

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
	d. R22L RVR	
2.	R4L/22R	
	a. Centerline Lights	
	b. R4L VASI-6 GS RVR	
	c. R22R RVR	
3.	Runway 9R/27L	
	a. TDZ lights R9R	
	b. TDZ lights R27L	
	c. R9R ILS (CAT II) ALS (CAT II)	R9R CAT II is second priority.
	d. 9R parallel taxiway west of R32L.	
4.	R9L/27R	
	a. Centerline lights	
	b. TDZ lights R27R	
	c. R27R extension 550' east and associated taxiways	Associated taxiways include R9L/27R parallel.
	d. R9L extension 790' west and associated taxiways	
5.	R14R/32L	
	a. R32L ILS (CAT II)	R32L CAT II is third priority. Associated taxiways include R32L parallel SE of R9R.
	b. R32L extension 1400' SE and associated taxiways	
6.	R14L/32R	
	a. R14L ILS (CAT III) ALSF II	High priority
7.	New jog taxiway	
8.	Inner/Outer taxiway relocation and hold pad.	
9.	New T1 taxiway	
10.	New cargo apron and site development	
11.	New International apron	
12.	B/C apron	
13.	Second bridge taxiway and new R32L hold pad.	
14.	Develop service road system consistent with plan.	
15.	New CFR facilities	

CITY: Cleveland
AIRPORT: Cleveland/Hopkins Int'l
STATE: Ohio
SERVED BY: AA,AL,CO,DL,EA,FM,FT,ML NW,OZ,PA,PI,RC,TW,UA
AIRLINE CHAIRMAN: J. Sorensen - UA

PVMT. STRENGTH: B727-200 190,000
R/W LENGTH: B727 200 190,000

REVIEW DATE: March 1, 1985
AMENDMENT DATE:

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	R5L/23R	
	a. R5L VASI-6 REIL	
	b. R23R VASI-6 REIL	
2.	R18/36	
	a. Extend runway to a minimum of 7200' - precision mark.	Necessary to provide backup and crosswind runway - high priority. Extension to the south would provide additional capacity with an intersecting runway operation.
	b. R36 ILS MALSR	First priority.
	c. R18 ILS MALSR	Second priority.
3.	Study feasibility of paving minimal landing strips in grass area used by light aircraft.	

CITY: Dallas/Ft. Worth
AIRPORT: DFW Regional
STATE: Texas
SERVED BY: AA,AC,AL,BN,CB,CO,DL,EA,FL FM,FT,IW ML,NW,OZ,PA,PI,RC,TW,UA,WA
AIRLINE CHAIRMAN: R. B. Jamison - AA

PVMT. STRENGTH: B747 710,000
R/W LENGTH: B747 710,000

REVIEW DATE: March 1, 1985
AMENDMENT DATE:

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	ASDE	High priority
2.	R13L/31R RVR - touchdown and rollout	
3.	Construct new R13R/31L and Taxiways; HIRL, centerline lights	Under construction. (Scheduled Completion to 6/86)
	a. R13R ILS-CAT II ALSF-2 RVR DMEL TDZ Lights	
	b. R31L RVR	
4.	R17R/35L R35L ILS MALSR	

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
5.	R18L/36R R36R ILS MALSR	
6.	R17L/35R R17L Upgrade ILS to CAT IIIa	
7.	R18R/36L R18R Upgrade ILS to CAT IIIa	

CITY: Denver
AIRPORT: Stapleton International
STATE: Colorado
SERVED BY: AA,AL,BN,CO,DL,EA,EV,FL,FM
FT,NW,OZ,PI,RC,TW,UA,WA,WC
AIRLINE CHAIRMAN: D. F. Belt - FL

PVMT. STRENGTH: B747 625,000
R/W LENGTH: B727-200 182,000
REVIEW DATE: March 1, 1985
AMENDMENT DATE:

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	ASDE	Top Priority-Delay Related
2.	Construct new east-west parallel runway to provide simultaneous instrument approach capability.	Delay Related - this will increase IFR capacity of the airport.
3.	R8R/26L R8R RVR	

CITY: Detroit
AIRPORT: Detroit Metro/Wayne Cty
STATE: Michigan
SERVED BY: AA,AL,CO,DL,EA,FM,FT,
ML,NW,OZ,PA,PI,RC,TW,UA
AIRLINE CHAIRMAN: J. W. Magee - DL

PVMT. STRENGTH: B 727-200 190,000
R/W LENGTH: B 727-200 190,000
REVIEW DATE: March 1, 1985
AMENDMENT DATE:

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	ASDE	
2.	Establish simultaneous approach capabilities to outboard parallell runways	High priority.
3.	3C/21C	
	a. Groove	To improve braking.
	b. Centerline lights	To provide lowest takeoff minimums.
	c. RVR - both ends	
4.	R9/27	
	a. Groove	To improve braking.
5.	Explore feasibility of constructing a taxiway between R21R and R21C taxiways.	Reduce congestion and taxiing times for operators on Concourses "C" to "F".

CITY: Ft Lauderdale **PVMT. STRENGTH:** L1011 388,000
AIRPORT: Ft Lauderdale/Hollywood **R/W LENGTH:** B727-200 179,000
STATE: Florida Int'l
SERVED BY: AA,AL,CO,DL,EA,FM,ML,NW,OZ,
RC,TW,UA **REVIEW DATE:** March 1, 1985
AIRLINE CHAIRMAN: R. H. Wesson - DL **AMENDMENT DATE:**

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	R9L/27R	
	a. Centerline Lights	To be accomplished in next major overlay project.
	b. R9L LOM	In FAA's future plans.
	c. R27R ILS	Estimated commissioning 3/85.
	MALSR	Estimated commissioning 8/85.
	RVR	Not in FAA's future plans.
2.	R13/31	
	a. R13 REIL	In FAA's future plans.
	b. R31 REIL	In FAA's future plans.
3.	R9R/27L Extend to 6000'x150' and increase to air carrier strength	Capacity item.
4.	Install fillets on taxiway "F" and "D" adjacent to runway 9L/27R	Capacity item.
5.	Encourage existing GA to use South Parallel Runway (9R/27L) to a greater extent.	Capacity consideration.

CITY: Houston **PVMT. STRENGTH:** L1011 388,300
AIRPORT: Houston Intercontinental **R/W LENGTH:** B727-200 185,000
STATE: Texas
SERVED BY: AA,AC,AL,BN,CO,DL,EA,EV,FT,PA,
PI,TW,UA,WA **REVIEW DATE:** March 1, 1985
AIRLINE CHAIRMAN: S. E. Ashmore - CO **AMENDMENT DATE:**

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	ASDE	High priority item.
2.	R8/26 Reconstruct	
3.	Construct a north/south taxiway bridge east of Terminal C to connect north and south terminal aprons.	Located east of terminal "D" site. (Currently under construction with estimated completion of 1/86.)
4.	Construct new parallel R9/27 and taxiway system. HIRL, centerline and TDZ Lights.	Clearing and preparation is currently underway. (Estimated completion of 6/86.)
	a. R9 CAT I/ILS SSALR or MALSR RVR DMEL	
	b. R27 CAT IIIa/ILS ALSF - II RVR DMEL	

CITY: Kansas City **PVMT. STRENGTH:** B747 800,000
AIRPORT: Kansas City Int'l **R/W LENGTH:** B747 800,000
STATE: Missouri
SERVED BY AA,AL,CO,DL,EA,FL,FM,FT,ML,
NW,OZ,PA,RC,TW,UA,WA **REVIEW DATE:** March 1, 1985
AIRLINE CHAIRMAN: S. Vaskov - TW **AMENDMENT DATE:**

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	Reestablish Taxiway "B" (North end) as VFR runway.	To increase capacity during periods of high demand.
2.	Expand air carrier aprons where necessary to accommodate wide bodied aircraft parking and taxiing along apron edge.	Ease ramp congestion.
3.	R9/27	
	a. Centerline Lights. b. RVR - on R27.	To provide lower takeoff minimums.
4.	R1/19	
	a. R1 CAT II/III	For best wind coverage.
5.	TVOR-DME on airport	
6.	New Parallel 1/19 Runway	When constructed, locate so as not to intersect with R9/27.

CITY: Las Vegas **PVMT. STRENGTH:** L 1011 413,000
AIRPORT: McCarran International **R/W LENGTH:** B727-200 190,500
STATE: Nevada
SERVED BY: AA,DL,EA,FL,OZ,BN,MC,
PS,RC,TW,UA,NW,WA **REVIEW DATE:** March 1, 1985
AIRLINE CHAIRMAN: K. R. Lemke - UA **AMENDMENT DATE:**

No Airline Requirements

CITY: Los Angeles **PVMT. STRENGTH:** B747 820,000
AIRPORT: Los Angeles International **R/W LENGTH:** B727-200 191,000
STATE: California
SERVED BY: AA,AC,CL,CO,CP,DL,EA,FL,FT,PI,AL,BN,CB,EV
MC,NW,OC,PA,PS,RC,TW,UA,WA **REVIEW DATE:** March 1, 1985
AIRLINE CHAIRMAN: R. K. Lemke - UA **AMENDMENT DATE:**

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	R7R/25L R25L Upgrade ILS to CAT IIIa.	Currently not in FAA's plans.
2.	R6L/24R R24R Upgrade ILS to CAT IIIa.	Programmed to start in March
3.	R6R/24L Centerline Lights	
4.	Construct N/S Taxiway "75" at west end and extend Taxiways "J" and "K" to west maintenance area and bypass area on north side R7L for added access to R7R and R7L.	Design work for this taxiway 75 is underway. Estimate cost by DOA-$12 million. Construction is scheduled to start by Fall 1985.
5.	Construct new Air Traffic Control Tower	Currently being negotiated between FAA and DOA.

CITY: Miami
AIRPORT: Miami International
STATE: Florida
SERVED BY: AA,AC,BN,CL,CO,DL,EA,FT,ML,NW, OZ,PA,PI,RC,TW,UA
AIRLINE CHAIRMAN: R. J. Walter - EA

PVMT. STRENGTH: B747 825,000
DC10-30 555,000
R/W LENGTH:
REVIEW DATE: March 1, 1985
AMENDMENT DATE:

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	ASDE	
2.	R9R/27L	
	a. Mid Point RVR	
	b. R9R RVR	
3.	R12/30	
	a. R12 MALSR	Land acquisition required by Airport Sponsor.
	MM	Land acquisition required by Airport Sponsor.
	b. R30 GS/MM	Feasibility study required.
4.	R9L/27R	
	a. R9L CAT II ILS	Identified as candidate by FAA.
	ALSF II	Identified as candidate by FAA.
	Midpoint and rollout RVRs	
5.	Establish dual taxiing capability around Concourses "F", "G", and "H".	Dual taxiways would resolve serious ground congestion around these concourses as well as feeding taxiways/taxilanes. However, in order to obtain dual taxiing capability it would be necessary to eliminate several gates at the end of these concourses. Very high priority with FAA Air Traffic Control Tower relocation.
6.	Extend inner east/west taxiway west to intercept taxiway "P".	
7.	Extend outer northwest/southeast taxiway northwest to intercept taxiway "P1".	
8.	VOR/DME on airport	High priority - ATC System requirement.
9.	Relocate Air Traffic Control Tower.	Estimated commissioning by 6/85. Relocation of ATCT will create a ramp control problem around concourses F,G, and H.
10.	Future Terminal Expansion	Strongly consider taxi flow problems before making a decision on building either concourses "J" or "A".

CITY: Minneapolis/St.Paul **PVMT. STRENGTH:** B747 800,000
AIRPORT: Minn/St.Paul Intenational **R/W LENGTH:** B747 800,000
STATE: Minnesota
SERVED BY: AA,AL,CO,DL,EA,FL,FM,FT,ML,NW, OZ,RC,UA,WA **REVIEW DATE:** March 1, 1985
AIRLINE CHAIRMAN: R. J. Thorne - NW **AMENDMENT DATE:**

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	ASDE	
2.	R11L/29R	
	a. Centerline Lights	To provide low takeoff minimums.
	b. RVR - Both ends	
	c. R11L ILS MALSR	
	d. R29R MALSR	Determine if installation is practical.
3.	R4/22	
	a. Extend R4 end 2,750' to SW and groove	Increase capacity and provide secondary long haul departure runway.
	b. Centerline lights	To provide take-off minimum.
	c. RVR - mid-point ard R22.	

CITY: Newark **PVMT. STRENGTH:** B747 675,000
AIRPORT: Newark International **R/W LENGTH:** B727-200 183,000
STATE: New Jersey
SERVED BY: AA,AL,BN,CB,CO,DL,EA,EZ,FM,FT, ML,NW,PA,PI,TW,UA **REVIEW DATE:** March 1, 1985
AIRLINE CHAIRMAN: P. J. Loughlin- EA **AMENDMENT DATE:**

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	R4R/22L (Grooved)	
	a. R4R DME on the ILS	Scheduled 11/85
2.	R4L/22R (Grooved)	
	a. R4L CAT II ILS ALSF-2	Not planned by FAA. Back-up CAT II System for entire New York area.
	b. R22R ILS MALSR	Not planned by FAA. Not planned by FAA.
3.	R11/29 (Grooved)	
	a. Extend 600' to 7400'	In sponsor's future planning. Required for improved area-wide operational capability.
	b. Extend associated taxiways with bypass capability	In sponsor's future planning.

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
	c. R11	
	ILS	Not planned by FAA.
	MALSR	Not planned by FAA.
4	Improve taxiway access to R4L and R4R for take-off.	

CITY: New York
AIRPORT: J. F. Kennedy Int'l
STATE: New York
SERVED BY: AA,AL,CL,DL,EA,FT,NW, PA,TW,UA,WA
AIRLINE CHAIRMAN: A. Knudsen - TW

PVMT. STRENGTH: B747 778,000
R/W LENGTH: B747 778,000

REVIEW DATE: March 1, 1985
AMENDMENT DATE:

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	R4R/22L (Grooved)	
	a. Extend existing runway safety area 450' SW with stabilized pavement construction	
	b. Extend 450' SW and 225' NE to 9075' on airport property	
	c. Extend associated taxiways	
	d. R22L Improve existing runway end safety area. (NE)	
2.	R13L/31R (Grooved)	
	a. R13L CAT II ILS	Reduce minimums to RVR 1200, DH 100.
	ALSF-2	Scheduled 10/85.
	DME on ILS	Scheduled 2/85.
3.	Construct a taxiway parallell to and North of R13L/31R extending from Taxing "WW" to Taxiway "ZA".	
4.	Contruct and exit taxiway at 5,200' from the landing threshold of R22R, and improve the exit at Taxiway "KB".	
5.	Construct angled exits at 4,500' and 6,000' from the landing threshold of R31L, and improve the exit at Taxiway "PA".	
6.	Improve the exit at Taxiway "H" after landing on R4L	
7.	Explore desirability and feasibility of extending R14/32 to 5,000'	
8.	Explore the value of constructing a new 5,000' runway parallel to and East of the NE end of R4R/22L.	

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
9.	Explore the value of constructing a taxiway parallel to and between R4R/22L and R4L/22R, extending from R13L/31R and R13R/31L.	
10.	Explore the value of relocating the helicopter pads now at Taxiways "V", "EA", and "L" to sites off the fixed wing aircraft moving area.	

CITY: New York
AIRPORT: LaGuardia
STATE: New York
SERVED BY: AA,AC,AL,BN,CO,DL.EA,ML,NW,OZ,
PA,PI,RC,TW UA
AIRLINE CHAIRMAN: C. E. Griffith - AA

PVMT. STRENGTH: A300 325,000
B727-200 183,000
R/W LENGTH: DC10/L1011 406,500
B727-200 183,000
REVIEW DATE: March 1, 1985
AMENDMENT DATE:

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	ASDE	
2.	R4/22 (Grooved)	
	a. Install new technology glideslope for R22.	
3.	R13/31 (Grooved)	
	a. Relocate dike and extend R13 safety area SE.	Environmental Impact Study Underway.
	b. Relocate R13 LOC on C/L	C/L LOC pending dike extension.
	c. Install new technology glideslope on R13	
	d. TDZ Lights R13	Sponsor planning dependent on CAT II assignment.
	e. R13 CAT II ILS	Depends on dike extension. C/L LOC, and improved G/S capability.
	ALSF-2	Not planned by FAA.
	f. R31 G/S	G/S planned pending dike relocation EIS results.
	MALSR	Not planned by FAA.
4.	Explore feasibility of relocating helicopter pad on T/W "O" to a location that is off the fixed wing aircraft movement area.	

CITY: Philadelphia
AIRPORT: Philadelphia International
STATE: Pennsylvania
SERVED BY: AA,AL,CO,DL,EA,EZ,FM,FT,
ML,NW,OZ,PA,PI,RC,TW,UA
AIRLINE CHAIRMAN: P. D. Berger - EA

PVMT. STRENGTH: B747 675,000
R/W LENGTH: B747 675,000

REVIEW DATE: March 1, 1985
AMENDMENT DATE:

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	R9R/27L (Grooved)	
	a. Construct angled exit for R9R between taxiways "GG" and "C"	Required to reduce runway occupancy time. Not planned by sponsor pending Master Plan update.
	b. Construct bypass taxiways 500' from each end of R9R/27L	Not planned by sponsor pending Master Plan update.
	c. Increase fillet Taxiway "FF" at R27L for angled exit landing R27L	Not planned by sponsor pending Master Plan update.
2.	R9L/27R (Grooved)	
	a. R9L	
	ILS	Not planned by FAA.
	MALSR	Not planned by FAA.
3.	Construct a connecting taxiway from taxiway "JJ" to taxiway "B".	Not planned by sponsor pending Master Plan update.

CITY: Pittsburgh
AIRPORT: Greater Pittsburgh Int'l
STATE: Pennsylvania
SERVED BY: AA,AL,DL,EA,FM,PA,PI,TW,
UA,IW
AIRLINE CHAIRMAN: J. L. DePoy - AL

PVMT. STRENGTH: B727-200 190,000
R/W LENGTH: B727-200 190,000

REVIEW DATE: March 1, 1985
AMENDMENT DATE:

Page 1 of 2

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	ASDE	Priority Item
2.	R/W-10R/28L	
	a. Construct angled exit R10R at 7200' to connect with "P" and an angled exit taxiway at 9000'	Not planned by sponsor
	b. R10R CAT II ILS	Not planned by FAA. Upgrade from CAT I ILS. Maximum capability required in primary landing direction.
	c. ALSF-2	Not planned by sponsor.
	RVRs (T.D. and M.P.)	Not planned by sponsor.
	TDZ Lights	Not planned by sponsor.
3.	R/W-10C/28C	
	a. VASI-6	Not planned by FAA.
	b. RVR	R10R/28L transmissometers will service R10C/28C

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
4.	R10L/28R (Grooved)	
	a. Construct angled exit at N-6 and install fillet at N-7.	Not planned by sponsor
	b. Construct T/W parallel to T/W "N", west of R14 from T/W "L" to "N-1"	Priority item. (Note: not planned by sponsor.)
	c. R10L Improve terrain gradient outside the IM to permit use of radar altimeter on CAT II approaches	
	d. R28R Expand R28R runup pad to 2250'.	Added staging area required for restricted departures.
5.	R14/32 (Grooved)	
	a. Construction angled exit at "V" for landing R32.	Required to reduce runway occupancy time.
	b. R14 REIL	Not planned by FAA.
	c. R32 RAIL	Not planned by FAA
6.	Increase T/W fillet radii on T/W "N", leading to R28R terminal ramp.	Not planned by sponsor.
7.	Extend T/W "P" to T/W "C".	Planned by sponsor.

CITY: San Francisco
AIRPORT: San Francisco Int'l
STATE: California
SERVED BY: AA,AL,AS,AC,CO,CP,DL,EA,FT,PI,
NW,OC,PA,PS,RC,TW,UA,WC,WA
AIRLINE CHAIRMAN: P. J. VanWert - UA

PVMT. STRENGTH: L1011 427,000
R/W LENGTH: B727-200 191,000
REVIEW DATE: March 1, 1985
AMENDMENT DATE:

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	R10L/28R	
	a. R10L ILS MALSR	High priority item - This has been delayed due FAA mandate of 1/82 - which canceled all ILS projects not underway, putting emphasis on MLS program.
2.	R1R/19L	
	a. R1R RCLS	
3.	Taxiway "F" C/L lighting	High priority.
4.	Extend T/W "L" from T/W "C" to the departure end of both R19L and R19R.	

CITY: St. Louis
AIRPORT: Lambert St. Louis Int'l
STATE: Missouri
SERVED BY: AA,AL,DL,EA,FL,FM,FT, NW,OZ,PA,RC,SI,TW,UA,WA
AIRLINE CHAIRMAN: A. N. Knudsen - TW

PVMT. STRENGTH: L1011 490,000
R/W LENGTH: L1011 490,000
REVIEW DATE: March 1, 1985
AMENDMENT DATE:

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	ASDE	High Priority
2.	R12L/30R	
	a. R12L LDIN	Curved lighting system to support LDA/DME approach - high priority.
	ILS (CAT III)	For best low weather coverage - high priority.
	ALSF-II DME	
	b. R30R DME on localizer	
	c. High Speed turn-offs or construct fillets	Relieve runway congestion.
3.	R12R/30L	
	a. Construct dual parallel to approach end R30L.	Relieve ramp congestion - high priority.
	b. R30L DME on localizer.	
	c. Lower Lindburgh Blvd.	CAT II minimums
4.	R6/24	
	a. Centerline Lights	
	b. R6 VASI-6 RVR	High priority for wide bodied aircraft.
	c. R6/24	Extend to Northeast/Southwest to airport boundary thus establishing new thresholds and allowing simultaneous arrival operations on R6/24 and R12R/30L.
5.	Ramp-complete ramp construction between East ramp and taxiway "A".	Relieve ramp congestion.

CITY: Washington D.C.
AIRPORT: Washington National
STATE: Virginia
SERVED BY: AA,AL,BN,CB,CO,DL,EA,ML,NW,OZ, PA,PI,RC,TW,UA,WA
AIRLINE CHAIRMAN: B. P. Carmody - AA

PVMT. STRENGTH: 727-200 183,000
R/W LENGTH: 727-200 183,000
REVIEW DATE: March 1, 1985
AMENDMENT DATE:

ITEM NO.	ITEMS REQUESTED	AIRLINE COMMENTS & STATUS
1.	Strengthen T/W "K".	Planned by sponsor (1986)
2.	Rehabilitate air carrier apron area	Phased construction work underway. (will continue in 1985)
3.	Rehabilitate all T/W exits off R18/36 as appropriate.	Use nighttime construction to accomplish this.

COSTS OF RECOMMENDED IMPROVEMENTS
22 PACING AIRPORTS
(In Millions)

City	Airport	Hardware	Pavement	Total
Atlanta	ATL	1.9	0.4	2.3
Boston	BOS	2.9	27.0	29.9
Chicago	ORD	6.6	2.5 a/	9.1
Cleveland	CLE	2.5	6.5	9.0
Dallas/Ft. Worth	DFW	9.9	-- b/	9.9
Denver	DEN	4.1	-- c/	4.1
Detroit	DTW	4.2	--	4.2
Ft. Lauderdale	FLL	1.5	7.0	8.5
Houston	IAH	7.3	-- d/	7.3
Kansas City	MCI	1.0	-- e/	1.0
Las Vegas	LAS	--	-- f/	--
Los Angeles	LAX	2.0	0.5	2.5
Miami	MIA	6.7	6.1	12.8
Minneapolis/St. Paul	MSP	8.0	8.7	16.7
Newark	EWR	3.5	4.0	7.5
New York	JFK	1.4	32.0	33.4
New York	LGA	8.3	20.0	28.3
Philadelphia	PHL	1.1	3.1	4.2
Pittsburgh	PIT	5.6	24.7	30.3
San Francisco	SFO	1.3	--	1.3
St. Louis	STL	6.5	9.3	15.8
Washington, D.C.	DCA	--	2.0	2.0
	TOTAL	86.3	153.8	240.1

a/ 3 runway centerline and 4 touchdown zone lighting systems not included in $800 million O'Hare development plan.

b/ New runway already under construction (estimated completion 6/86).

c/ New East-West runway and associated taxiways would cost an estimated $100 million.

d/ New runway already under construction (estimated completion 6/86).

e/ New runway planned - estimated cost is $27 million.

f/ Could add a new runway if and when it is needed - estimated cost is $ 25 million.

Location and Type of ILS Installation at the 22 Pacing Airports

Location State, City, Airport and Runway End	Type of ILS Category CAT I	 CAT II/III[a]	 Upgrade or Replace to CAT III
1) California			
- Los Angeles (LAX)			
● 24R	—	—	X
● 25L	—	—	X
- San Francisco (SFO)			
● 10L	X	—	—
2) Colorado			
- Denver (DEN)	—	—[b]	—
3) District of Columbia			
- Washington Nat'l (DCA)	—	—	—
4) Florida			
- Ft. Lauderdale (FLL)			
● 27R	X[c]	—	—
- Miami (MIA)			
● 9L	—	X	—
5) Georgia			
- Atlanta (ATL)			
● 8L	—	—	X
6) Illinois			
- Chicago (ORD)			
● 4R	—	X	—
● 9R	—	X	—
● 32L	—	X	—
● 14L	—	—	X
7) Massachusetts			
- Boston (BOS)			
● 15R	—	X	—
8) Michigan			
- Detroit (DTW)	—	—	—
9) Minnesota			
- Minneapolis/St. Paul (MSP)			
● 11L	X	—	—
10) Missouri			
- Kansas City (MCI).[d]			
● 1	—	X	—
- St. Louis (STL)			
- 12L	—	—	X[e]

Location State, City, Airport and Runway End	Type of ILS Category		
	CAT I	CAT II/III[a]	Upgrade or Replace to CAT III
11) Nevada			
- Las Vegas (LAS)	—	—	—
12) New Jersey			
- Newark (EWR)			
● 4L	—	X	—
● 22R	X	—	—
● 11	X	—	—
13) New York			
- John F. Kennedy (JFK)			
● 13L	—	—	—
- La Guardia (LGA)			
● 13	—	X	—
14) Ohio			
- Cleveland (CLE)			
● 18	X	—	—
● 36	X	—	—
15) Pennsylvania			
- Philadelphia (PHL)			
● 9L	X	—	—
- Pittsburgh (PIT)			
● 10R	—	X	—
16) Texas			
- Dallas/Ft. Worth (DFW)			
● 13R	—	X	—
● 35L	X	—	—
● 36R	X	—	—
● 17L	—	—	X
● 18R	—	—	X
- Houston (IAH)			
● 9	X	—	—
● 27	—	—	X[e]
Total No. of Installations	11	10	8

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[a] Minimum ILS requirement is CAT II, however desired level is CAT III.

[b] CAT II/III ILS should be installed on both ends of the proposed new East-West runway, when it is constructed.

[c] The CAT I ILS on Runway 27R at FLL is currently under construction.

[d] CAT I ILS should be installed on both ends of the proposed new Runway 1R/19L when it is constructed.

[e] The CAT III ILS installations at St. Louis (Runway 12L) and Houston (Runway 27) are requested new equipment.

BURBANK-GLENDALE-PASADENA AIRPORT AUTHORITY

STATEMENT OF ROBERT GARCIN, PRESIDENT

ACCOMPANIED BY THOMAS GREER, DIRECTOR OF AIRPORT SERVICES

Senator ANDREWS. Our next witness is Mr. Robert W. Garcin, president of the Burbank-Glendale-Pasadena Airport Authority.

Mr. Garcin, we are glad to have you here.

Mr. GARCIN. Thank you, Senator.

With me today is Thomas Greer, director of airport services at the Burbank-Glendale-Pasadena Airport.

Mr. Chairman, we appreciate the opportunity to appear before this distinguished panel regarding the need to fund a replacement passenger terminal at the Burbank-Glendale-Pasadena Airport in southern California.

On September 14, 1983, the airport authority applied to the FAA for a Federal grant, under the Airport Improvement Program, totaling $16.9 million to: (*a*) Acquire 41 acres of improved real property; (*b*) construct a replacement air carrier passenger terminal; (*c*) demolish the existing terminal; and (*d*) construct an access road to the new terminal.

The basis of this grant application is the fact that the location of the existing terminal, constructed over 50 years ago, is, by FAA standards, too close to the airport's two active runways. Because of this hazard, it is believed a potential for disaster exists involving an aircraft crashing into the existing passenger terminal or into aircraft parked at the terminal.

Accordingly, the FAA has strongly encouraged the airport authority to relocate the terminal.

Federal Aviation Administration safety standards for airport design (FAR Part 77) require separation of at least 750 feet between a precision approach runway centerline and a building or other permanent structure.

The terminal building at Burbank-Glendale-Pasadena Airport is 313 feet from the centerline of the only precision approach runway at the airport, and only 363 feet from the other runway centerline on which approximately 50 percent of the aircraft land.

The FAA Western Regional Office has recommended approval of our grant application. In its report of September 1984, that office states in part:

> The existing main passenger terminal . . . the FAA has strongly encouraged the Airport Authority to find a replacement location which would comply with current FAA criteria.

In August 1984, the FAA accepted and approved our environmental impact statement which concluded that "the proposed project will not cause a change in the airport noise environment." And, the environmental impact statement has survived every legal challenge that has been presented.

This project, however, is controversial, and, frankly, that is why we are here today. To date the FAA has not funded this proposal. We assume this is in part due to the ongoing controversy centering around aircraft noise.

Certain local factions want to delay the terminal relocation until noise mitigation measures satisfactory to them are guaranteed. However, many of these measures are not achievable in the near term, while the safety concerns of the terminal relocation deserve immediate consideration.

Mr. Chairman, we recognize the legitimate, sincere concerns of those who live in areas impacted by aircraft noise, and we believe the steps we have taken place the Burbank-Glendale-Pasadena Airport at the forefront in terms of maintaining levels of service, while reducing areas exposed to aircraft noise.

When the cities of Burbank, Glendale, and Pasadena purchased the airport from the Lockheed Corp. in June 1978, 403 acres were identified as constituting the noise impact area. By December 1984, 6½ years later, the noise impact area had been cut in half, to below 200 acres.

And most recently, through schedule changes approved by the airport authority on April 1 and 15, the noise impact area is projected to be reduced by an additional 50 acres, to approximately 143 acres.

Mr. Chairman, although airplane noise has not been entirely eliminated, this is a start; it is, in our view, a very good start, and it shows the depth of our commitment to operating the Burbank-Glendale-Pasadena Airport with the minimum adverse noise impact on the community.

There are other steps that can be taken to reduce the levels of noise on certain affected neighborhoods surrounding the airport, but those steps cannot be taken without the support of the FAA.

We have taken the initiative in asking the FAA to work with us as we proceed with a Federal Aviation Regulation Part 150 study designed to help identify other noise mitigating measures. As you know, this study involves the community, the airlines, and the FAA as joint participants.

While we are working to reduce the adverse impact of aircraft noise on the surrounding community, we also have an obligation to maximize safety in operating the airport. That issue, safety, is the sole objective of our grant application to relocate the terminal.

The FAA has stated, as I said before, that the terminal relocation project "will not cause a change in the airport noise environment," but that project is necessary to increase levels of safety at the airport.

Mr. Chairman, we urge you and this subcommittee to contact the FAA and to urge the FAA to act on our grant application so we may begin the work necessary to complete this project.

We appreciate your considering our request.

We are prepared to answer questions at this time.

Senator ANDREWS. Thank you very much, Mr. Garcin.

Your time is used up, unfortunately.

LA JUNTA MUNICIPAL AIRPORT

STATEMENT OF HARRISON R. McCUNE

Senator ANDREWS. Our next witness is Mr. Harrison McCune from La Junta Municipal Airport, La Junta, CO.

Mr. McCune, it is good to have you before the committee.

Mr. McCUNE. Thank you, Mr. Chairman. It is a pleasure to be here.

I would like to speak directly to the problem of the FAA's program for the closure of flight service stations. This program is going on in the replacement of these people with the AWAS–AWAC system which I feel has a lot of shortcomings.

I think in Senator Domenici's home State of New Mexico they tried this system in Santa Fe. They found that the AWAS system, the model that they tried in Santa Fe, could not read the cloud layers above 10,000 feet. They could not tell whether it was cloud, haze, smoke, or whatever.

All they knew was that it was cloud cover. The problem being that the aeronautical charts used by BFR pilots in our area and throughout the Nation show that a safe altitude around the Santa Fe area is no lower than 11,500 feet in some sections and 13,600 feet in others.

Reading the cloud layer at 10,000 feet would not do the pilot much good at this altitude. So, the problem is rather critical in the Mountain States.

I understand there will be in De Ridder, LA, County Seat of Beauregard County and Conroe, TX, County Seat of Montgomery County, new test sites. This information was given to me by the chief of flight service stations in Albuquerque and he did not have any information. His indication to me was that the test had not actually even begun yet.

The thing that is of great deal of concern is the Federal Aviation Administration policy for combining the consolidating VOR systems. They are having these consolidations take place like in Denver, CO, and Las Vegas, NV. They have what they call the flight watch stations.

By watching the service and what happens and the difficulty of communicating with the flight service station through these VOR units, now that they are consolidated in one place like San Diego. In a recent trip to California I had a great deal of problems because of terrain. I could not talk to these people because their repeater stations either were nonexistent or one specialist in Prescott, AZ, told me it was bad equipment.

I don't know if it is true or not. I know in Albuquerque they are putting repeater stations in the Sandia Mountains to take care of this problem in their area. This sort of thing, without knowing whether it is doing the job or not, is of great concern when you consider if they close these flight service stations, will they know whether that does the job or not.

There are other problems and especially in our area. We have the benefit and privilege actually of serving Strategic Air Command. We have a RBS site, radar bomb scoring unit. There are 14 of those throughout the world. We are the busiest site in the world. We have more B–52 flights going across our bomb scoring units than anyplace else in the world.

Recently our commanding officer of all 14 RBS sites throughout the world, Colonel Sheer, was in La Junta for the 25th anniversary of the Strategic Air Command RBS site. I asked him about this.

He said, and I quote:

> It is important to the safety of the general aviation pilots and also our personnel to have accurate on-the-spot information when the training routes are active. The two main reasons for this is the low altitude at which we fly and also the speed. Especially in the La Junta area we need the service of a flight service station because this is the busiest RBS route in the Nation with 20 flights per day.

The introduction of the B–1B bomber will increase the need for firsthand accurate information because of the speed and small profile. The first flight of the B–1B will be out of Abilene, TX, to La Junta, CO. We feel for the safety of those people and for the general aviation in our area that the flight service station in La Junta must be kept open.

I specifically do not want to leave the impression that I believe anyone in the flight service stations is doing a poor job. They do a grand job for what they have. But this consolidation I feel is a real problem.

Another example of their consolidation is the consolidation of GADO, or airport district offices, to one location. One of the busiest airports in the Nation is Stapleton National Airport. Yet they are bringing all the GADO offices in our area to Stapleton. They automatically increase the amount of small aircraft traffic.

So, you have immediately a conflict with your air traffic controllers and your tower air traffic controllers who do not want the small aircraft in a high density area like at Stapleton International Airport. But they will be there if they move those GADO offices, because that is how you get your certification through the FAR Part 135 to fly air taxis, commuters, commercial, everyone must go through the same thing.

Yet they are moving them into a crowded place. The importance of the flight service station to the aviation community and the public cannot be overestimated. They provide vital weather information to pilots flying in the many ski resorts and communities in the mountains in Colorado and New Mexico.

The personnel at all flight service stations provide crucial preflight weather briefing, enroute communications, with pilots flying under visual flight rules and service and rescue units located in this area.

Senator ANDREWS. Unfortunately, your time has expired. Your entire statement will appear in the record.

We appreciate your statement.

Mr. MCCUNE. Thank you.

[The statement follows:]

STATEMENT OF HARRISON R. MCCUNE

I am Harrison R. Mc Cune, Airport Manager, La Junta Municipal Airport, La Junta, Colorado.

The area of concern which I would like to address is the closing of Flight Service Stations, FSS, by the Federal Aviation Administration, FAA.

The effect on General Aviation is extensive and I intend to show that it is a National problem and not isolated to one state or area.

I believe I should define what I am saying when I use the term General Aviation so there will be no misunderstanding.

General Aviation may be any aircraft used by an individual or company for transportation which is flown for business, recreation and instruction. We have included then everything and everyone from a student in a Cessna 152 to the corporate business jet. Also we should include those aircraft used under FAR Part 135 - Air Taxi Operators and Commercial Operators.

The reasoning for this definition is to illustrate the scope of aircraft users who are dependent on the individual FSS and would not be adequately served by the consolidated FSS specialists remotely located from the areas and airports being utilized by General Aviation.

General Aviation is not as healthy today as it has been in the past several years, prior to the fuel crisis and corresponding enormous escalation of costs.

The removal of these FSS is another blow to General Aviation, because of the unreliability of the reports from a consolidated FSS many hundred miles away, the difficulty in filing flight plans, obtaining accurate weather briefings and generally not being able to communicate with ground facilities in your area.

Once the FSS is removed they will never be returned no matter what the problems or the effect on aircraft traffic.

The primary interest of the FAA is at the large hub airports where the airline industry is concentrated. There is comparatively little effort made toward the General Aviation airport, because the vocal public and news media believe the airlines to be all there is to aviation.

The value of a General Aviation airport has been demonstrated many times. I believe one of the most dramatic illustrations was made by Govenor Rhoades of Ohio whose major program during two terms in office in the '60s was economic development. He pledged his state to build new airports in every county in order to stimulate commerce and industry.

As the population of this country grows and spreads out into new towns and sprawling metropolitan areas, they will demand inter-urban air service. Air taxis are carrying commuters from their homes to the office over distances of several hundred miles.

We have now come to the use and certainly true value of the General Aviation municipal airport. They offer convenience to the traveling public. Not everyone wants to go to a major terminal as their final destination. Frequently the large terminal is not even within fifty miles of the traveling public's true destination.

Municipal airports not served by scheduled airlines can be self supporting, particularly if there is significant use of them by business aviation and commercial air taxi operations.

In addition to good service at these Municipal Airports the most important factor in attracting business aviation and itinerant taffic in general is the location of a Federal Aviation Administration Flight Service Station. These

General Aviation airports pay their way on the Federal level and also when the real cost of operation is considered. The consolidation of specialists handling the VORs into central control areas has for the General Aviation pilot made them of little value.

Example: Your destination is some where in Southeast Colorado, this area can be anywhere in 18,900 square miles and you could be talking to the Lamar, Tobe, Pueblo, or Colorado Springs VORs and in each case you are talking to a specialist in Denver FSS. His weather in Lamar, for example, could be three hours old and it was taken by an individual who took his information in the City of Lamar. If you are talking to Tobe VOR you want information concerning the winds along those mountains to the South, or is it snowing, raining or clear in the valleys. You want to land in La Junta, the largest airport in all of Eastern Colorado after Denver, Colorado Springs and Pueblo, and you can observe the clouds building, however what are the conditions concerning winds around thunderstorms or other inclement conditions. You must rely on a specialist in Denver to give you this information. There is no way he will be very accurate.

This example is not to infer the specialist is not doing the job, however he will not have the information which can allow him to be accurate.

The importance of the FSS to General Aviation has been expressed by others for many years. Let me quote Mr. Frank Kingston Smith, President, National Aviation Trades Association in testimony given to the U. S. Senate Committee on Commerce, Aviation Subcommittee on Thursday, July 24, 1969. "We have often recommended that the Congress establish what portion of the airways system may be attributed to the "public good"; and, that once this is done and the costs of the system are properly established, an allocation among the users could be made by an agency/industry group.

Technically, the airways may be broken down into 12 divisions: 1.Airport control towers; 2. Tower approach control; 3. Airport surveillance radar; 4. Precision approach radar; 5. Airport surface detection equip.; 6. Radar approach control; 7. Instrument landing system; 8. Approach lighting; 9. Inner-route traffic control centers; 10. VORTAC on-route navigation system; 11. Flight Service stations; 12. Research and Development.

Of the above list, general aviation makes the greatest use of VOR on-route navigation system, the flight service stations (for weather briefing and flight plan filing) and the control towers at airports where they exist. All of the items on the list, with the exception of the flight service stations, exist because of the requirements and demands of the certified carriers.

The most distressing part of this whole scenerio is the FAA has already started consolidation of VORs into central receiving areas. Now they say there is less for the specialists at the La Junta and Trinidad FSS to do because the VORs in Southeast Colorado are handled in the Denver Center. No one has asked, are they performing an acceptable service at an acceptable level of accuracy? The answer for General Aviation is, NO.

To the transcontinental airline, sure they do a good job, to the pilot interested in flight levels below 12,500 feet and flying in Southeast Colorado, the answer is definitely in the negative.

The consolidation of the specialists handling VOR traffic is not an improvement in service, it is only a system which makes the removal of FSS facilities look better on the surface and is improsing a hardship on General Aviaiton.

In the area of use it has been claimed by the Air Transport Association - "General Aviation is by far the largest user of the airways system. It is said that they, General Aviation, have about 98% of the civil aircraft. Similarly General Aviation makes more total use of the system if that use is measured by numbers of flying hours. They have 82% of civilian flying."

Yet the facilities being eliminated, the FSS, are those most important to General Aviation in flying safety and convenience.

Mr. Chairman, if I may, I would like to quote from the testimony of one of the Senate's greatest aviation enthusiasts, the Honorable Jennings Randolph, former United States Senator from West Virginia, who was president of the first Congressional Flying club.

Senator Randolph was testifying before the Senate Committee on Commerce, Aviation Subcommittee, Tuesday, July 29, 1969 and he said "At this point, Mr. Chairman, I digress to say that on Sunday I flew with FAA officials on the first flight between Washington, our Nation's Capital, to Pineville, the county seat of Wyoming County, W. Va. It is in the mountainous area of West Virginia, where a 3,100-foot strip-Kee Field-was officially opened. More than 2,500 persons came there on that occasion. They realized that progress was being made, and that their region, an isolated but progressive section of our State, could be joined with private and charter flying into points like Charleston or Roanoke.

But more importantly, that airport and other fields hold out the possibility of air commuter service from a smaller airport into a larger one. Senator Pearson, who is present today, has looked into these matters. He and others of the subcommittee have toured the country in the past months to assess the airport needs of our section, and many areas of the country.

I know that what has happened in West Virginia in aviation progress through the development of smaller airports is also happening in a State like Tennessee. I am gratified that Senator Baker is here.

In the last 6 years in West Virginia, five FAA assisted airports have come into being. And Applachian funds, Senator Baker, in which you are so interested, have been used to help us in the construction of those airports. FAA funds, plus the commitment of the States and localities and also the people themselves, have been raising sums of money to indicate their determination to help move America forward in airport development to better meet our transportation needs."

Mr. Chairman, it is now 1985 and what is happening to Senator Randolph's enthusiastic plans "to help move America forward in airport development to meet our transportation needs"?

The FAA facilities in West Virginia, including Charleston, are being closed and they are moving everything to Elkins, Randolph County airport.

What will be the service provided by this move and what of the economy? The building to house the facility at Randolph County airport does not even exist today. Everything is being remoted to Charleston, which will be eliminated when the move is made. There is some talk of keeping Charleston as a back-up facility. The biggest problem they face today at Charleston is the same as those faced in Colorado, Lack Of Communication. They have extreme distortion due to overriding VORs in Virginia and a loss of contact with aircraft at or approaching outlying airports.

Mr. Chairman, one of these outlying airports is surely Kee Field, of which Senator Randolph rightfully took so much pride.

The FSS specialists at Charleston admit that their problems due to terrain interference is not as great as in Colorado, New Mexico, Arizona, Nevada and California, because our mountains are much higher, but the problem does exist.

In closing Mr. Chairman, all I can really say is that the program established by the FAA to close FSS facilities DOES NOT WORK anywhere in the real world of General Aviation transportation.

Before it is too late, and we have now approached the eleventh hour, stop any future FSS closings. Let us take a realistic look at how to solve the problems of the program and not destroy what we have.

There have been many cut backs in the FAA FSS program. For example there are only three specialists on duty at La Junta, however they could easily handle the Lamar, Hugo and Pueblo VORs so pilots would not have to talk to someone in a brick building with no windows, in Denver, who is estimating what is really out there weather-wise in Southeast Colorado.

Included are copies of a portion of WAC navigation charts CG-19 and CG-21 which cover the areas discussed above.

I wish to thank you Mr. Chairman and your committee members for allowing me to present this material.

[CLERK'S NOTE.—Accompanying charts were not reprintable.]

ANNOUNCEMENT OF 2-MINUTE PROCEDURE

Senator ANDREWS. Let me make one brief announcement. We do have a problem with time. Many of you have traveled from a long distance. These hearings have to end at noon because of the business of the Senate.

We may come back at 4:30 or 5 o'clock, which will make many of you late for making connecting planes back. So, I think probably in fairness, what I can offer now with some of you who are out of town witnesses and the rest, to give you a 2-minute window of opportunity.

Let me assure you that all of your statement will appear in the record as though uttered in every word, in fact, if you can summarize it in 1 minute, we may have a chance for a question or so.

If any of you want to volunteer for a 2-minute window of opportunity, we will take as many volunteers as we have and then go back to the same schedule, recognizing that we may well have to come back at 4 o'clock or 4:30 and the Senate may well have a number of votes and you may well be carried over until tomorrow.

Let me assure you everyone will be heard. It is probably more convenient for some of you if you want to accept this window of opportunity.

Do we have any volunteers? Anyone who wants to summarize come forth and identify yourself.

ASSOCIATION OF TRANSPORTATION PRACTITIONERS

STATEMENT OF JOHN WOMACK

Mr. WOMACK. My name is John Womack.

I was scheduled to be here at 11 o'clock.

Senator ANDREWS. Mr. Womack, we will accept your testimony now.

Mr. WOMACK. I am listed on your statement as appearing for Central and Southern Motor Freight Tariff Association. That is my employer.

I am here on behalf of the Association of Transportation Practitioners. We are the bar of the Interstate Commerce Commission. There are over 3,000 of us who represent shippers, carriers, State agencies, railroads, motor carriers.

I have submitted a statement through the mail.

Senator ANDREWS. We have that statement, Mr. Womack. It will appear in the record in its entirety.

Mr. WOMACK. I came personally, though, with the desire to express to the Senate, and I will make the same expression to the House tomorrow, that the principal objective we have in mind is the supplemental that the Commission has asked for and the record bears out the basis for it, the purpose for it.

We don't believe that transportation professionals down there ought to take a 20-percent pay cut. That is the first point I would like to make.

Second, those of us who practice before the Commission believe that the people to whom we make our representations ought not to be put through the deleterious effects on morale and these kinds of things.

And we urge a budgetary response as the OMB has concurred in, in which the Commission can have at least a minimum to carry out the responsibilities that this Congress has put on them.

Senator ANDREWS. Thank you very much, Mr. Womack.

As you know, the Senate won't receive that bill until after Memorial Day, but we will keep your testimony in mind.

Mr. Womack. Thank you very much.

[The statement follows:]

STATEMENT OF JOHN WOMACK

My name is John Womack. I am Managing Director, Central and Southern Motor Freight Tariff Association, Inc., 2722 Crittenden Drive, P. O. Box 37110, Louisville, KY, 40233-7110. I have over forty years of experience in Transportation that is regulated by the Interstate Commerce Commission -- a Railroad Telegrapher, Shipper Traffic Manager, Motor Carrier Traffic Manager and Rate Bureau Attorney and Manager. In addition, I am an attorney registered to practice before various Courts and the Interstate Commerce Commission.

My appearance today is to express the views of the Association of Transportation Practitioners. I chair its Committee on Budget of the ICC. Our Association has over 3,000 members. As the bar of the ICC, we represent government agencies, shippers, carriers, state and city governments who, as purchasers or sellers of transportation, must relate the interests of our present situation as those interests are affected by the Interstate Commerce Act and its enforcement by the Interstate Commerce Commission.

For several years, my Committee has been concerned about the skill, expedition, depth of consideration, and other measures of of the quality of regulation as has been achieved by the ICC. We strongly believe that the ICC needs a greater level of capability in personnel, both as to quality and quantity, in order for the ICC to give full effect to the direction this Congress has given it through the National Transportation Policy to enforce the present terms of the Interstate Commerce Act.

This is particularly true when considering the present budget for FY-85. It is a shambles.

The original submittal for 1985 was part of a continuing program developed by the ICC and, apparently, concurred in by the Office of Management and Budget. Both groups have made an identical submittal for the budget of the ICC to the Congress for the past several years.

I attach as Exhibit 1 a table showing the trend both by personnel and by dollar costs for 1984, 1985 and 1986. It will be noted from that exhibit that the budget submittals contemplated an orderly reduction, over the three budget years, of 10% in dollars and 20% in personnel.

However, that orderly plan, even though it generates the concern I have just expressed, has not been allowed to be pursued.

Committee members will recall and the record of this Committee will bear out the difficulties of achieving Congressional decisions for Fiscal Year 1985. The budget of the ICC was caught up, like many other Government agencies, in the total effort.

While the bulk of the concern about FY-85 dealt with the size of the total budget, the end result of FY-85 Congressional action for the ICC turned on other considerations. The Committee report of the House of Representatives notes the concurrence of the House in the original budget submittal, even including a slight increase in amount. On the other hand, the Committee report for the Senate had within it a reduction in budget amount of $4.8 million along with a reduction in Commission Staff by advancing the date for reduction in number of ICC Commissioners from the current plan of 1987 to 1985.

After a few days of continuing resolutions, the House and Senate by Conference Report developed a budget for FY-85. The ICC's portion of that budget was reduced by the dollar values in the Senate Committee report but without the direction that report had for a reduction in Commission staffing.

Equally important to know is that there was no change by the Congress in the statutory burden placed upon the Commission by the Congress through the Interstate Commerce Act and the National Transportation Policy.

A reference to my exhibit will show that staffing for FY-85 at the level of dollars contained in the Conference Report would have been below the staffing level that the ICC contemplates, with OMB concurrence, for FY-86. After much consideration of this dilemma, the Commission has submitted a Supplemental Budget for FY-85.

My first purpose in appearing is to urge this Committee to recommend to the Senate at the most expeditious moment that the Supplemental Budget for the ICC for FY-85 be adopted. They need it and need it now.

I understand it takes about 75 days, under Federal Law, to have a reduction in force. Some decision has to be made about what jobs are to be abolished. Those decisions, in turn, need to follow decisions of how the work burden can be realigned within what staffing will remain. There are severance considerations, one of which is, as I understand it, 30 days' notice to affected individuals, that must follow the development of a plan.

There are some other problems in that closing some of the district field offices could have been accomplished but Federal Law permits employees in a closed office to contend for jobs in other offices into which the functions of the closed offices would be transferred. Since there was no reduction in the statutory burdens on the Commission, there is some probability that transfer costs of moving Government employees at Government expense could have involved more money that would have been saved by closing district offices.

As the Committee has been made aware by presentation of Chairman Taylor of the ICC, the current staffing of the Commission is at or below the level contemplated by FY-86 budget but, even so, the attainment of that level of personnel could only be achieved by blending extraordinary attrition rates with some reductions in force. The time required to attain that level of personnel has been such that there is still an insufficient amount of FY-85 budget to compensate the remaining personnel for the remainder of FY-85. As this Committee was informed by Chairman Taylor of the ICC, it has been necessary for the ICC to place on furlough each member of its staff for one day a week. The net effect, obviously, is a 20% reduction in salary.

Somehow, Congress should find a way to avoid the further deleterious effect on morale of the personnel of the ICC that recent legislative history has had them to face. Congressional debate about the benefits of regulation that have culminated in the 4R Act and the Staggers Act for railroads and the Motor Carrier Act of 1980 for motor carriers has had a substantial negative effect upon the professionalism of the Staff of the ICC who have spent years in developing the methodologies that underlay regulation which preceded these legislative changes. But at least those legislative changes permitted the orderly change reflected in the staffing reductions that had been planned by the Commission as reflected on my exhibit.

There is no real reason why the transportation professionals at the ICC should be made to take a 20% cut in pay.

As noted, the Association strongly supports the belief of the ICC and OMB that the Supplemental Budget is appropriate and is part of the overall budgetary plan of the Government. We urge that it be adopted at the earliest possible moment.

Failure to give effect to this Supplemental Budget request would adversely affect budget submittal for FY-86.

I not only appear to support the approval of the Supplemental Budget for FY-85 but also to urge adoption of the budget submittal for FY-86. I have already indicated that my Committee and the Association, as a whole, are concerned about the impact upon the ability of the ICC to fulfill its responsibilities at this level of staffing. One need only look at particularities in the references to workload that are in the various departmental sections of the ICC's budget submittal to see substantial areas of concern over ability to serve. While the ability to determine standards for enforcement of the Interstate Commerce Act is being severely limited, these references show there is little or no enforcement.

The ICC budget submittal notes, for example, that the workload of the Bureau of Tariffs will change from an indepth examination of a limited number of tariffs to only a title page review of all tariffs. Indepth review will occur only if a complaint regarding a specific tariff is received. In that regard, problems of increasing complexity are expected for both rail and motor tariffs. Rail contract rate discovery and review petitions and the request for interpretations of the increased filing of tariffs by individual motor carriers result from the tendency for those tariffs to contain unique materials and result in more questions being asked. The whole ability to determine if there is tariff matter that sets up discrimination between particular shippers is almost abandoned.

The Office of Proceedings expresses, in the FY-86 submittal, comments on complexity and controversy concerning car-higher compensation rulemaking, more complex abandonment proceedings and an increased level of concern expressed by shippers, states and other public bodies over the impact regulatory freedom of railroads has had on them.

The Bureau of Accounts reports that it deferred in FY-84 work necessary for prescribing depreciation methodologies and rates for railroads, that FY-85 reflects the work deferred in FY-84 but expresses the belief that it will get back to its normal cycle for review at FY-86. They also denote, in the submittal, that the Commission has before it a proceeding that would eliminate the uniform system of accounts and greatly reduce the motor carrier reporting requirements. They state that should the proposal be adopted, motor carrier interpretations, audits and cost studies would no longer be done.

The Office of Transportation Analysis reports on several contract authorizations because the office does not have a staff of sufficient size or expertise to respond to many of the questions for which answers are suppose to be supplied by the ICC without the statistics that come from these reports, there is absolutely no way the ICC can determine if motor carrier rates meet statutory standards for reasonableness in 49 USC 10701(a) or if there is discrimination proscribed by 49 USC 10741(b) or whether the financial integrity required by 49 USC 10701(e) is present.

These illustrations are illustrative only. But they highlight the difficulties being faced by shippers, carriers, government agencies of the states and cities, and of the federal government but particularly on practitioners who represent them before this Commission, when the Commission has inadequate funding to do its homework to make sound adjudications.

Furthermore, there are positives in the National Transportation Policy of insuring the development, coordination and preservation of a transportation system that meets the needs of the United States. The Commission is expected to contribute to those goals by implementing its regulations so as to preserve inherent advantages of each mode of transportation, to promote safe, adequate, economical and efficient transportation and to encourage sound economic conditions in transportation. It is also to encourage the establishment and maintenance of reasonable rates without unreasonable discrimination or unfair or destructive competitive practices for transportation. All of these positives, of course, recognize the fundamental need for the widest possible distribution of our Nation's goods and people.

The completion of these tasks is put in jeopardy when funding is inadequate. Congress has recognized the need for the Interstate Commerce Act, this Commission to enforce it and the National Transportation Policy directives describing the results to be achieved. The Association of Transportation Practitioners urges the Congress to authorize funding levels that will permit this Commission to be effective in the charge that it has been given.

EXHIBIT 1--TRENDS IN BUDGET AUTHORIZATIONS

INTERSTATE COMMERCE COMMISSION

STAFF-YEARS AND BUDGET AUTHORITY
BY BUREAU AND OFFICE
(dollars in thousands)

Office	FY 1984 1/		FY 1985 1/		Conference Report 2/ Resources		FY 1986 1/	
	Total Staff-Years	Budget Authority	Total Staff-Years	Budget Authority*	(Staff)	($000)	Total Staff-Years	Budget Authority
Commissioners and their Offices	64	$ 3,433	67	$ 4,058	(65)	3,000	57	$3,455
Secretary	96	2,898	90	3,057	(64)	2,420	90	3,203
General Counsel	34	1,858	30	1,906	(25)	1,350	29	1,861
Proceedings	212	10,598	159	8,754	(160)	8,520	152	8,630
Hearings	16	999	12	826	(12)	825	8	569
Special Counsel	9	537	7	490	(7)	475	7	500
Transportation Analysis	42	2,798	36	2,572	(30)	1,720	36	2,820
Accounts	124	6,939	116	7,036	(113)	6,850	105	6,770
Traffic	93	3,587	85	3,717	(90)	3,900	81	3,658
Compliance and Consumer Assistance	354	16,731	285	15,025	(260)	13,200	261	14,300
Managing Director	114	6,184	97	6,022	(88)	5,740	97	5,391
Commission Totals	1,158	$56,562	984	$53,463	(914)	$48,000	923	$51,157

* The distribution of Budget Authority for FY 1985 by Office is not the same as that displayed in the FY 1985 Supplemental Request, because the figures have been updated to include the cost of the 1985 pay raise and to reflect the most current estimates of actual expenditures.

1/ Source, years FY84, FY85 and FY86 from ICC/OMB Budget Submittal for FY86.

2/ Source, ICC Supplemental Budget Estimates FY85.

TRANSPORTATION LAWYERS ASSOCIATION

STATEMENT OF MARK J. ANDREWS

Senator ANDREWS. Any other volunteers?

Mr. Mark Andrews, we remember you.

Mr. MARK ANDREWS. Yes, you do, Senator.

Senator ANDREWS. That is No. 21, representing the Transportation Lawyers Association.

Mr. MARK ANDREWS. Again, I will not do more than just summarize my statement.

I would like to on my part second the comments of Mr. Womack. I am not here to defend the regulatory or deregulatory policies of the ICC. I am certainly not here to defend what they have done in the way of, so to speak, front-loading their expenditures under their existing $48 million ceiling.

I am here as a lawyer who has business that has to be done before the Commission. I can tell you, Senator, that the 1-day-a-week furloughs are already having a palpable impact on the ability of the public to get its business done there.

As one example, it took a partner of mine from Wednesday, April 17, to Tuesday, April 23, just to get a docket number of an application that had been filed on April 10, you can't get anything else done at the ICC on a case until you find out the docket number.

Other examples abound. If the Commission has done anything positive in the past few years, it was to improve its handling of the paper flow. Those hard-won gains are now being eroded.

The final thing I would like to say is that if we can get some supplemental funding for the ICC for its core functions of handling the caseload in the special tariffs, in the Bureau of Accounts, in the ICC Secretary's Office which actually issues the decisions, that would still leave us way below the level of appropriations for the ICC in fiscal year 1984 and in terms of the freeze concept you advocated, we would be well below freeze levels.

I urge you to take that into consideration.

Senator ANDREWS. Thank you very much for an excellent statement. Let me assure you it will appear in the record in its entirety. We appreciate your cooperation.

Mr. MARK ANDREWS. Thank you.

[The statement follows:]

STATEMENT OF MARK J. ANDREWS

The Transportation Lawyers Association (TLA), a specialized bar association with some 600 members nationwide, thanks Chairman Andrews and the Subcommittee for this opportunity to testify about Interstate Commerce Commission (ICC) funding for the current and upcoming fiscal years. Now as in our past appearances before this Subcommittee, our position is that the ICC must receive funding adequate for meaningful performance of its continuing regulatory responsibilities under the Motor Carrier and Household Goods Transportation Acts of 1980, the Staggers Rail Act of 1980, and the Bus Regulatory Reform Act of 1982. This means, in our view, that some supplemental funding now has become necessary for fiscal year 1985 in order to ensure timely discharge of the Commission's business in such functional areas as:

-- processing and evaluation of applications for franchises, general rate increases, merger exemptions and other required regulatory approvals;

-- maintenance of legally-required carrier rate tariff files;

-- provision of legal counsel to the Commission;

-- timely printing and public issuance of Commission decisions once reached; and

-- the operation of other Commission offices where workloads are uncontrollable because generated directly by the public.

In our view, preservation of these core functions of the ICC also should be at the forefront of the Subcommittee's deliberations on the agency's budget request for FY 1986.

As this Subcommittee knows, our Association holds no brief for many of the policies the Commission has adopted in purported compliance with the regulatory reform legislation of 1980 and 1982. Indeed, we share the Subcommittee's frustration with the Commission's apparent disregard of Congressional intent and its past propensity (now partially corrected) to conduct even its most important deliberations in secret. We remain perplexed, and our clients remain confused, by the Commission's deregulatory excesses in implementing legislation that was designed to occupy "a middle ground between . . . the status quo . . . and total deregulation. . . ."[1] Specific examples of those excesses were supplied in testimony we filed with this Subcommittee on April 26, 1983, and May 17, 1984, and will not be repeated here because of the ten-page limitation on witness statements.

Despite our policy disagreements with the Commission, however, our consistent position on ICC appropriations has been that the agency must not be given the additional pretext of "lack of funds" as a basis for failure to execute Congressional intent. With respect to fiscal year 1984, this Subcommittee agreed with our position (which other witnesses also shared). Commendably, the full Committee actually voted to increase the Commission's budget request, stating as follows:

> The increase is provided in order to insure that the Commission fully performs its responsibilities under existing law. The Committee does not intend that the Commission be steered toward less oversight by dimunition of personnel resources. [2]

For the same reason, we argued last year against deep cuts in ICC funding for fiscal 1985; and when it became apparent that this Subcommittee deemed deep cuts necessary to signal its displeasure with the Commission, we argued that the cuts at least should be targeted to non-essential areas rather than being made across the board. To some extent the Subcommittee and the full Committee adopted that same view, and the continuing resolution commendably maintained or increased ICC-requested staffing levels in the Bureau of Accounts, Bureau of Traffic, Office of Hearings, and Office of the Special Counsel.

Now, however, a new situation faces this Subcommittee, the surface transportation industries, and the shipping public.

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[1] S. Rep. No. 96-641, 96th Cong. 2d Sess. 1-2 (1980).

[2] S. Rep. No. 98-179, 98th Cong. 1st Sess. 89.

Because the Commission--for whatever reason--failed to take immediate steps to scale back its fiscal 1985 spending to the $48 million level approved in the Continuing Resolution, the agency now has deemed it necessary to furlough its entire staff for one day a week in order to finish the fiscal year within the $48 million spending limitation. The only alternative, according to the Commission, is for Congress to pass a supplemental appropriation for the remainder of the current fiscal year.

Our Association takes no position on the rights or wrongs of the Commission's decision to "front-load" its current-year spending, or on the precise dollar amount by which existing levels of funding should be supplemented.[3] We are not budget experts; we do know that we and our clients continue to have substantial business before the Commission, which must be accomplished in a timely manner, often under statutory deadlines. Although the furloughs only have been in effect for two weeks, already they are having a palpable impact. Routine procedural inquiries increasingly require attorneys in our Association, and their clients, to leave telephone messages and await a callback, assuming anyone answers the telephone at all. Visual inspection of last week's daily ICC Registers indicates that an average of three to four weeks now elapses between the filing and the legally required publication of applications by motor carriers for permanent operating authority, whereas only a few months ago one could confidently advise clients that a

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3/ By no means do we uncritically endorse the dollar amount requested by the ICC. As we pointed out in a March 4 letter to Chairman Andrews, it is passing strange that the Commission would justify supplemental funding as necessary to keep up with a "workload" which is largely "generated" by the public and . . . thus, uncontrollable" (Supplemental Budget Estimate, at 2), while proposing at the same time to cut five positions out of the Bureau of Traffic, which is legally required to maintain accessible and usable files for the 1.3 million rate tariffs filed by surface common carriers every year. Such inconsistencies, however, can be addressed in markup and do not justify dismissal of the supplemental request out of hand.

properly-prepared application could be published two weeks after filing. The difficulty of obtaining information and timely decisions from the Commission can only increase if the furloughs continue. The effects of what amounts to a 20 percent cut in staff pay almost surely will include declining morale and the departure of productive employees.

Equitable factors also require consideration. Obviously a 20 percent pay cut will be felt most severely by Commission employees in the lower Civil Service grades. These employees, of course, are not the ones who created the Commission policies about which this Subcommittee and our Association's membership have been concerned.

We are aware of this Subcommittee's strongly-held conviction that the Commission's budgetary actions in the past six months have encroached upon the Constitutional powers and responsibilites of Congress, and Congress alone, to determine agency spending levels. Nevertheless, the Congress also has mandated--in the 1980 and 1982 reform legislation--that a viable and effective Interstate Commerce Commission remain available to police those aspects of shipper/carrier relations in which unfettered market forces do not produce optimum results. We are concerned that total denial of supplemental funding for the ICC will undermine that Congressional mandate, and will play into the hands of those who want total deregulation rather than the balanced regulatory reform enacted by Congress.

Alternative means are available which would vindicate this Subcommittee's concerns without devastating ICC staff continuity and morale. For example, all or a portion of any supplemental funding--and fiscal 1986 funding--could be subjected to conditions. The Commission could be required to continue making measurable progress in the direction of holding more oral hearings and Sunshine Act meetings. It could be directed to take no further action on its "Docket 38904" proposal to abolish motor carrier reporting and accounting requirements, which provide hard data--not available elsewhere--about industrywide financial conditions and revenue needs in the current regulatory environment. The agency could be directed to implement, by a date certain, the provisions of Section 215 of the Motor Carrier Safety Act of 1984, under which the fitness of truck and bus companies to operate safely on the public highways is supposed to be scrutinized with greater care

before the ICC grants the franchise applications of such carriers.[4] There may be other areas in which this Subcommittee is dissatisfied with the Commission's exercise of its existing regulatory jurisdiction, and these perhaps could be addressed in a similar manner.

What must not be allowed is the effective demise, through lack of funds and erosion of staff, of a Commission which still has important functions to perform even in an era of regulatory reform. TLA therefore requests this Subcommittee to give expedited consideration to whatever level of supplemental funding is necessary to end current furloughs of ICC employees in the functional areas listed at the beginning of this statement.

Thank you, Mr. Chairman, for this opportunity to present TLA's views.

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[4] We are aware of the Commission's claim, in testimony before the House counterpart of this Subcommittee, that its delay in implementing section 215 has resulted from inaction by the Department of Transportation (DOT), with which the ICC shares responsibility under section 215. If this be the case, then this Subcommittee has the necessary jurisdiction to take corrective action with respect to DOT as well.

PENINSULA AIRWAYS, INC.

STATEMENT OF ORIN D. SEYBERT, PRESIDENT

ACCOMPANIED BY ROBERT COHEN, WASHINGTON COUNSEL

Senator ANDREWS. Anyone else wanting to take advantage of this window of opportunity?

[No response.]

No one else? If not, we will go back to Peninsula Airways, Mr. Orin Seybert.

Mr. SEYBERT. Thank you very much, Mr. Chairman, for the opportunity to appear here.

My name is Orin D. Seybert, president of Peninsula Airways, which is an Alaska commuter airline.

Robert Cohen is with me today, our Washington counsel.

I am here to express my opposition to the proposal to eliminate the Essential Air Service Subsidy Program to isolated communities.

I ask that my testimony be received for the record.

Senator ANDREWS. It will be in the record in its entirety.

Mr. SEYBERT. Also, I ask the committee to accept the statement of the Village Council of Atka who could not afford to send a representative here.

Senator ANDREWS. We will include that statement immediately following yours in the record.

Mr. SEYBERT. Thank you, sir.

The elimination of essential air service subsidies will have a devastating impact on hundreds of communities that are too remote to be served by air carriers without some form of Federal assistance and will have no access at all to the national transportation system.

Eliminating the EAS subsidy would represent betrayal of assurances provided by Congress to small communities under the Airline Deregulation Act of 1978, a broken promise to small towns and villages across the country and abdication of the Federal Government's legal and moral responsibility to assure that people who live in rural, less populated remote areas of this country are provided with access to the national transportation system.

The Essential Air Service Subsidy Program compensates an air carrier only for actual cost incurred in providing service to a specific community which does not generate enough traffic to allow a carrier to serve it properly.

This program was appropriated in the Deregulation Act of 1978 when Congress realized that pure deregulation as well as allowing increased competition between carriers could alternatively also result in complete suspension of service to the community because of low traffic.

Just because the numbers of people are fewer does not lessen the importance to those particular citizens to have access to the national transportation system.

Congress at that time guaranteed a 10-year transition period until 1988 to allow these people time to decide whether the village lifestyle was worth the cost of irregular and expensive travel. Compared to other Federal programs you have already reduced cost to the taxpayer by a tremendous amount.

The last year of the old 406 subsidy program it was $94 million. Last year's total airline subsidy cost was something just under $36 million.

The old system was the one where the CAB would dictate which carriers would serve what points. If the carrier lost money, it was subsidized for the total system. It would encourage mismanagement. All the carrier had to do was show a big loss and they would go to the CAB for more money.

By contrast the new system asks for proposals from any and all carriers to provide service to specific communities. A subsidy is allowed at only points where no carrier is willing to serve except we agree and then competing proposals are accepted with the lower cost carrier providing the required minimum level of service getting the award.

Senator ANDREWS. Mr. Seybert, your time has expired. Let me assure you the essential air service is contained and preserved in the leadership plan. We have the full cooperation of Alaska's two Senators. The senior Senator serves on this committee.

We appreciate your appearance today.

Mr. SEYBERT. I think I have covered my basic points.

Thank you.

[The statement follows:]

STATEMENT OF ORIN D. SEYBERT

My name is Orin D. Seybert, and I am President of Peninsula Airways, Inc. I very much appreciate the opportunity to appear before this Subcommittee and express my vehement opposition to the Department of Transportation's proposal to eliminate the Essential Air Service subsidy program for isolated communities, which is administered under Section 419 of the Federal Aviation Act. Peninsula Airways provides essential air service to and from Atka and St. George, Alaska, and is reimbursed by the federal government for its substantial losses in providing such service. The Department's proposed action will have a devastating impact on hundreds of communities that are too remote or sparsely populated to be served by air carriers without some form of federal assistance, and will thus have no access to the national air transportation system. In fact, as I will explain, if this Committee permits the Department to eliminate its subsidy for the service provided by Peninsula, it will leave residents of remote communities in the State of Alaska abandoned without any reliable means of transportation. The Department's proposal represents a betrayal of assurances provided by Congress to small communities in the Airline Deregulation Act of 1978, a broken promise to small towns and villages across the country, and an abdication of the federal government's legal and moral responsibility to assure that people who live in rural, less populated and remote areas of this country are provided with access to the national air transportation system.

This Subcommittee should reject the proposal to eliminate Section 419 subsidies for the following compelling reasons.

First, the proposal establishes an extraordinarily inequitable transportation policy, in that it ignores the needs of residents of small towns and isolated communities who must have access to the national air transportation network. It also directly violates the Airline Deregulation Act of 1978, of which the EAS subsidy program was an integral part, and without which the Act would not have passed Congress.

Second, the Department's proposal would eliminate a subsidy which is distributed on the basis of need, constitutes an insignificant drain on federal resources, and is steadily decreasing on its own with each passing year.

Finally, the Department's proposal sets a dangerous Congressional precedent in that it attempts to effectuate substantive changes in national air transportation policy through the back door, by way of the appropriations process, rather than by subjecting such proposed changes to the scrutiny of the Congressional authorizing committees which possess specific expertise as to substantive aviation policy issues.

It is important to begin with a discussion of the history of the federal government's role in subsidizing air transportation services. Until the passage of the Airline Deregulation Act of 1978, subsidies were administered pursuant to Section 406 of the Federal Aviation Act, under a program wholly inadequate to meet the needs of small communities supposedly targeted for assistance. First, the program limited the payment of subsidies to certificated airlines, thereby barring the participation of commuter carriers, whose equipment and operations were better suited to small community service. Second, no procedures existed for small communities to participate in the federal government's decisions as to the type of service which such communities were to receive. Finally and most importantly, the subsidies were carrier-oriented, rather than community-oriented. The Civil Aeronautics Board was required to consider each carrier's overall system need when determining the amount of the subsidy. Each carrier's subsidy for losses incurred in providing services to small communities would be reduced by the amount of its profit on other routes. Hence, carriers had very little incentive to provide good service to small, unprofitable points.

The net effect was that the federal government was providing millions of dollars in subsidies under a program which was not adequately taking care of the needs of the small communities for whom the program's service was intended.

The Essential Air Service program as it currently exists was enacted as part of the Airline Deregulation Act, and has none of the flaws which characterized its predecessor program. The report of the House and Senate Conference Committee, which drafted the final version of the Airline Deregulation Act, described the reconfigured Essential Air Service program in the following manner:

> The conference substitute guarantees continued air transportation for 10 years to all cities which are listed on the air carrier certificates on the date of enactment, including cities at which a certificated carrier has suspended service. To ensure such service is substituted, (the bill) establishes a new subsidy program, with compensation to be based on the needs of the community and the use of appropriate size aircraft. . . The conference substitute also provides for the addition of a limited number of new communities to the new community-based subsidy program.1/

The Act thus established a program which required the Civil Aeronautics Board to establish a level of "essential air transportation" for each city which was designated on an air carrier certificate. Air carriers serving such cities were required to give notice to the Board (and now the Department of Transportation) before reducing service at the city below the level of essential air transportation. If DOT is not able to arrange for replacement service, it must require that the existing carrier continue to serve the point until such replacement service has been arranged. Carriers who are required to continue service under this program are then entitled to compensation for any losses incurred. The program also authorizes the replacement of a subsidized carrier if another carrier can show that its service would be a substantial improvement over that being provided to and from the city by the incumbent carrier, and that the applicant carrier's service would require less subsidization. The program also contains a number of other features which guarantee the safety, efficiency, and reliability of the essential air service provided. Finally, even after the expiration of the 10 year period during which the program is to remain in existence and funded, the Airline Deregulation Act requires that the needs

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1/ H.R. Rep., No. 95-1779, 95th Cong., 2d Sess. (1978).

of small communities are still to be considered and satisfied by the federal government:

> In the exercise and performance of its powers and duties under this Act with respect to interstate and overseas air transportation, the [Department of Transportation] shall consider the following, among other things, as being in the public interest and in accordance with the public convenience and necessity. . .
>
> (8) the maintenance of a comprehensive and convenient system of continuous scheduled airline service for small communities and for isolated areas, with direct Federal assistance where appropriate.2/

The legislative history of the Airline Deregulation Act demonstrates that the Essential Air Service program was one of the most significant parts of the Act, and was nothing less than a promise by the federal government that the deregulation of the airline industry would not lead to the desertion of residents of smaller communities. This is nowhere better reflected than in the floor debates on this issue in the U.S. Senate and House of Representatives.

One of the floor leaders of the Senate debate on the Act, Senator James Pearson of Kansas, described the sorts of communities whose problems the EAS program was structured to confront:

> (EAS is needed in) those rural parts of our country where rail passenger transportation no longer exists, where bus service is inadequate, and where in many instances the commuter service or local air service is really one of the last means of people achieving a sense of communication and doing their commerce and business as is necessary.3/

As to the continuation of air service to such areas, one of the Act's framers, Senator Howard Cannon of Nevada, stated:

> Let there be no doubt--there is an absolute guarantee of service to all communities now receiving it for at least 10 years. After that the CAB has an affirmative duty to see that small communities throughout the country

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2/ 49 U.S.C. § 1302(a) (1985).

3/ 124 Cong. Rec. S. 5851 (daily ed., April 19, 1978).

> are well served. In contrast to the dismal record of the past 15 years, when over 175 communities have lost service, no community will lose air service as a result of this bill. . . no part of this bill has been as carefully scrutinized as the small community section. We have for the first time in history absolutely guaranteed service to small communities. We have also provided that the local communities will play a integral part in deciding the quality of service to be received.4/

Later in the debate, Senator Cannon was asked to reassure the rest of the Senate on this point:

> Mr. Durkin (D-N.H.). In other words, under the provisions of this bill any community which is receiving certificated scheduled air service today is guaranteed a minimum of 10 years of certificated scheduled air service,including such subsidy as is required to maintain that certificated scheduled air service.
>
> Mr. Cannon. Yes, that is correct.5/

Debate in the House of Representatives on this provision proceeded along the same lines. The final version of the Act contained the firmest possible guarantee that until at least 1988, all communities in the U.S., regardless of their size, location, or density of population, would be assured access to the national air transportation network. A copy of the sections of the Act which deal specifically with Essential Air Service is set forth as Exhibit 1, attached hereto.

It is with that goal in mind that the Civil Aeronautics Board implemented the Essential Air Service program. Over 555 cities now receive essential air service; a large percentage of these are located in Alaska, far removed from the nation's air transportation hubs. Three hundred and

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4/ Id. at S. 5850, S. 5874 (emphasis added).

5/ 124 Cong. Rec. § 5891 (April 19, 1978) (emphasis added). See also, the following comments by Senator Howard Baker (R-Tenn.), supporting the passage of the Act:

> I have heard opponents of regulatory reform argue that the bill will reduce service to small communities. In reality, the small community service section will result in improved service to small communities, and I view these provisions as among the most important in the bill. . . (The Act) creates a new subsidy program designed to meet the needs of the community rather than the needs of the carrier.

Id.

twenty-four points in the Continental United States receive essential air service under the program; subsidies are provided for service to 108 of these points, a number of which are in states represented by members of this Subcommittee and the full Committee on Appropriations.

Peninsula's operations serve as a striking example of the importance of the Essential Air Service program to inhabitants of the more secluded regions of the country. Peninsula is a certificated scheduled air carrier which operates from bases at King Salmon and Cold Bay, Alaska, and offers service to over 30 points in the Bristol Bay area of Western Alaska, the Alaskan Peninsula, and the Aleutian Islands. Peninsula provides essential air service to most of these communities without any subsidy. Since 1981, Peninsula has provided subsidized essential air service to two of the most remote communities in the nation: St. George and Atka, Alaska. Because of the isolation and arduous climate conditions of the region, transportation to these points is impossible without some form of air service. (See map, Exhibit 2.) Surface transportation is nonexistent; no highways or railroads to and from these communities exist. It is not an exaggeration to say that Peninsula's air service is the life blood of residents of these remote Alaskan villages. They depend on Peninsula flights to bring them food and other necessities, including their mail, and to transport them to points on the mainland from which they can connect to the rest of the nation. It is also not an exaggeration to say that if the federal government does not continue to subsidize Peninsula's service between these points, it would be absolutely impossible for such service to be continued. For example, in the absence of subsidized essential air service to St. George Island, the cost to charter an aircraft would amount to at least $2,000 per passenger.

If the EAS subsidy program is not funded, Peninsula will have to cease operating the service and abandon these small Alaskan villages. Certainly the same dire consequences can be foreseen for any other community currently served by an air carrier receiving an EAS subsidy. At best, ending the EAS subsidy would shift to state and local governments a financial burden which is beyond their resources and should rightfully be borne by the federal government, the steward of the national air transportation system. At worst, the proposal will create immediate, immense economic havoc for the residents of such remote communities, and force their gradual emigration from their homes to the more densely populated transportation hubs.

Such an upheaval could only be justified if the elimination of the Essential Air Service subsidy would result in a substantial savings for the federal government. This is decidedly not the case. According to the Department's own figures, approximately $36 million was spent on EAS subsidies in FY 1984. This is an insignificant sum of money considering that 1) the EAS program represents only a fraction of the costs expended under the previous Section 406 program; 2) the funds are spent for a purpose which is clearly national in character, and which goes to the essence of the federal government's responsibility for the United States air transportation system; and 3) the total amount of funds expended for Essential Air Service subsidies has been decreasing over time; EAS subsidy expenditures dropped from $81 million in FY 1982, to $51 million in FY 1983, to $36 million in FY 1984. This reduction is explained by the fact that the subsidy for essential air service at each point generally decreases the longer that the service is provided, as a result of the generative impact on traffic and the cost efficiencies which the competitive bidding process produces. In essence, the Essential Air Sevice program is reducing itself without reducing the level or quality of service provided.

Moreover, as the above discussion makes clear, the Essential Air Service subsidy was the subject of extensive Congressional debate, and has been implemented for over six years under a substantive statutory mandate. Any question concerning the continuation of the subsidy should be the focus of equally intensive scrutiny by the authorizing Committees which decided six years ago, after considering abundant testimony on this issue, that such subsidy was warranted for 10 years. It is axiomatic that the appropriations process should not be used to enact substantive changes in national aviation policy.

Finally, if this Subcommittee decides that the reduction or elimination of the EAS subsidy is warranted, I would like it to consider recommending that an exception to this policy be crafted for service provided to remote and isolated points in the State of Alaska. I have described the unique problems suffered by inhabitants of the areas served by Peninsula and other Alaskan carriers: frigid weather, isolation and the resulting lack of effectual surface transportation. Communities throughout Alaska, such as Atka and St. George, would literally cease to exist without air service, and air service to and from those towns would literally cease to exist without the EAS subsidy. These factors create a compelling justification for continuing the subsidy for Alaskan air service, regardless of whether such subsidies are maintained as to service to other areas of the country.

Peninsula may be a small voice in the wilderness, but I speak for the thousands of people whose very lives and livelihoods depend on the continuation of EAS subsidy. Peninsula's support for the EAS subsidy is not motivated by economic self interest, but by its concern for the communities which it serves; to Peninsula, the subsidy represents a miniscule portion of its total revenues, but to the residents of Alaska's isolated villages, it represents continued existence and a link to the rest of the nation. I urge this Subcommittee not to renege on Congress' promise to guarantee these communities vitally needed air service.

Thank you for allowing me this opportunity to express my views on this critically significant aviation issue.

[EXHIBIT 1]

not fit, willing, and able to provide such service and to comply with any rules and regulations promulgated by the Board.

(2) Any certificate issued by the Board under this section may contain such reasonable conditions and limitations as the Board deems necessary, except that such terms and conditions shall not restrict the points which may be served, or the rates which may be charged, by the holder of such certificate.

(3) [Repealed].

(4) If any all-cargo air service authorized by a certificate issued under this subsection is not performed to the minimum extent prescribed by the Board, it may by order, entered after notice and opportunity for a hearing, direct that such certificate shall, thereafter, cease to be effective to the extent of such service.

[¶ 1291] Exemptions

(c) Any applicant who is issued a certificate under this section shall, with respect to any all-cargo air service provided in accordance with such certificate, be exempt from the requirements of section 401(a) of this Act, and any other section of this Act which the Board by rule determines appropriate, and any rule, regulation, or procedure issued pursuant to any such section.

[¶ 1292] Air Carrier Status

(d) Any applicant who is issued a certificate under this section shall be an air carrier for the purposes of this Act, except to the extent such carrier is exempt from any requirement of the Act pursuant to this section.

[*Sec.* 418 *added by Public Law* 95-163, *95th Congress, 1st Session, approved November* 9, 1977, 91 *Stat.* 1284; *as amended by Public Law* 95-245, *95th Congress, 2nd Session, approved March* 14, 1978, 92 *Stat.* 156; *amended by Public Law* 98-443, *approved October* 4, 1984, 98 *Stat.* 1708.]

Source: New.

SMALL COMMUNITY AIR SERVICE

[¶ 1293] Guaranteed Essential Air Transportation

Sec. 419 [49 U. S. Code 1389]. **(a)**(1) For purposes of this subsection, the term "eligible point" means any point in the United States to which, on the date of enactment of this section, any air carrier—

(A) is providing service pursuant to a certificate issued to such carrier under section 401 of this title; or

(B) is authorized pursuant to such certificate to provide such service, but such service is suspended on such date of enactment.

(2)(A) With respect to each eligible point which on the date of enactment of this section is served by not more than one air carrier holding a certificate issued under section 401 of this title, not later than the last day of the one-year period beginning on such date of enactment, the Board, after considering the views of any interested community and the State agency of the State in which such community is located, shall determine what is essential air transportation for such point.

(B) With respect to any eligible point which on the date of enactment of this section is served by more than one air carrier holding a certificate issued under section 401 of this title and which thereafter receives service by not more than one such air carrier, not later than the last day of the six-month period beginning on the date on which the Board receives notice that service to such point will be provided by not more than one such air carrier, the Board, after considering the views of any interested community and the State agency of the State in which such community is located, shall determine what is essential air transportation to such point.

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* This simply signifies that responsibility for administering Title IV and other titles in the Federal Aviation Act was transferred to the Department of Transportation as of January 1, 1985.

(C) The Board shall periodically review the determination of what is essential air transportation to each eligible point, and may, based upon such review and consultations with any interested community and the State agency of the State in which such community is located, make appropriate adjustments as to what is essential air transportation to such point.

(D) The Board may, after considering the views of any interested community, the territory of Guam and appropriate Federal agencies, determine what is the essential air transportation for Guam without regard to whether it is being served by more than one air carrier holding a certificate issued under section 401 of this title.

(3) No air carrier shall terminate, suspend, or reduce air transportation to any eligible point below the level of essential air transportation established by the Board under paragraph (2) unless such air carrier—

(A) if such air carrier—

(i) holds a certificate issued under section 401 of this title, or

(ii) does not hold such a certificate, but is receiving compensation pursuant to paragraph (5) of this subsection for service to such eligible point,

has given the Board, the appropriate State agency or agencies, and the communities affected at least ninety days['] notice prior to such termination, suspension, or reduction; and

(B) if such air carrier does not hold such a certificate and is not receiving compensation pursuant to paragraph (5) of this subsection for service to such eligible point, has given the Board, the appropriate State agency or agencies, and the communities affected at least thirty days['] notice prior to such termination, suspension, or reduction.

(4) Whenever the Board determines that essential air transportation will not be provided to any eligible point without compensation—

(A) the Board shall provide notice that applications may be submitted by any air carrier which is willing to provide essential air transportation to such point for compensation under this subsection. In selecting an applicant to provide essential air transportation to such point for compensation the Board shall, among other factors, specifically consider—

(i) the desirability of developing an integrated linear system of air transportation whenever such a system most adequately meets the air transportation needs of the communities involved;

(ii) the experience of the applicant in providing scheduled air service in the vicinity of the communities for which essential air transportation is proposed to be provided; and

(iii) notwithstanding the provisions of clause (ii), with respect to any eligible point in the State of Alaska, the experience of an applicant in providing scheduled air service, or significant patterns of nonscheduled air service pursuant to an exemption granted pursuant to section 416 of this title, in Alaska; and

(B) the Board shall establish, in accordance with the guidelines promulgated under subsection (d) of this section, a rate of compensation to be paid for providing such essential air transportation.

(5) The Board shall make payments of compensation under this subsection at times and in a manner determined by the Board to be appropriate. The Board shall continue to pay compensation to any air carrier to provide essential air transportation to any eligible point only for so long as the Board determines it is necessary in order to maintain essential air transportation to such eligible point.

(6) Notwithstanding section 401(j) of this title, if an air carrier has provided notice to the Board under paragraph (3) of such air carrier's intention to suspend, terminate, or reduce service to any eligible point below the level of

essential air transportation to such point, and if at the conclusion of the applicable period of notice the Board has not been able to find another air carrier to provide essential air transportation to such point, the Board shall require the carrier which provided such notice to continue such service to such point for an additional 30-day period, or until another air carrier has begun to provide essential air transportation to such point, whichever first occurs. If at the end of such 30-day period the Board determines that no other air carrier can be secured to provide essential air transportation to such eligible point on a continuing basis, either with or without compensation, then the Board shall extend such requirement for such additional 30-day periods (making the same determination at the end of each such period) as may be necessary to continue air transportation to such eligible point until an air carrier can be secured to provide essential air transportation to such eligible point on a continuing basis.

(7)(A) If any air carrier (i) which is providing air transportation to any eligible point, and (ii) which is receiving compensation under this subsection or under section 406 of this title for providing such air transportation to such point, is required by the Board to continue service to such point beyond the date on which such air carrier would, but for paragraph (6) of this subsection, be able to suspend, terminate, or reduce service to such point below the level of essential air transportation to such point, then after such date such air carrier shall continue to receive such compensation until the Board finds another air carrier to provide essential air transportation to such point.

(B) If the Board requires an air carrier which holds a certificate issued under section 401 of this title and which is providing air transportation to any eligible point without compensation pursuant to paragraph (5) of this subsection or section 406 of this title to continue to provide essential air transportation to such point beyond the 90-day notice period after which, but for paragraph (6) of this subsection, such air carrier would be able to suspend, terminate, or reduce service to such point below essential air transportation for such point, then the Board shall compensate such air carrier for any losses that the air carrier incurs in complying with this subparagraph after the last day of such 90-day period, except that the Board shall not make any payments under this subparagraph, to any trunk air carrier for service to such point after the last day of the one-year period beginning on the date on which any payment is made to such air carrier under this subparagraph for service to such point.

(C) If the Board requires an air carrier which does not hold a certificate issued under section 401 of this title, but which is providing air transportation to any eligible point without compensation pursuant to paragraph (5) of this subsection or section 406 of this title to continue to provide essential air transportation to such point beyond the 30-day notice period after which, but for paragraph (6) of this subsection, such air carrier would be able to suspend, terminate, or reduce service to such point below essential air transportation for such point, then the Board shall compensate such air carrier for any losses that such air carrier incurs in complying with this paragraph after the last day of such 30-day period.

[(8) sic]

(9) During any period for which the Board requires any air carrier to continue providing air transportation to an eligible point which such air carrier has proposed to terminate, reduce, or suspend, the Board shall continue to make every effort to secure an air carrier to provide at least essential air transportation to such eligible point, on a continuing basis.

(10) Unless the Board has determined what is essential air transportation for any eligible point pursuant to paragraph (2) of this subsection, the Board shall, upon petition of any appropriate representative of such point, prohibit any termination, suspension, or reduction of air transportation which reasonably appears to deprive such point of essential air transportation, until the Board has completed such determination.

(11)(A) After January 1, 1983, any air carrier may file an application with the Board seeking to have any compensation provided under section 406 of this

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title to the air carrier then serving an eligible point terminated in order to allow the applicant air carrier to provide air transportation to that eligible point for compensation under this section. The Board shall grant such application, after notice and a hearing if requested by the air carrier receiving subsidy under section 406, taking into consideration the objectives specified in subparagraphs (A) (i) and (ii) of paragraph (5) of this subsection, if the applicant can show that termination of the compensation being paid under section 406, and that the provision of service by such applicant with compensation under this section, will result in a substantial—

(i) improvement in the air service being provided such eligible point; and

(ii) decrease in the amount of compensation that will be required to continue essential air transportation to such eligible point.

(B) After January 1, 1983, any air carrier may file an application with the Board seeking to have the compensation provided under this section to the air carrier then serving an eligible point, and which has been serving such eligible point for at least two years preceding the date on which such application is filed, terminated in order to allow the applicant air carrier to provide essential air transportation to such eligible point for compensation under this section. The Board shall grant such application, after notice and a hearing if requested by an air carrier receiving compensation under this section, taking into consideration the objectives specified in subparagraphs (A)(i) and (ii) of paragraph (4) of this subsection, if the applicant air carrier can show that termination of the compensation being provided to the air carrier then serving such eligible point, and the provision of essential air transportation for compensation under this section by the applicant air carrier will result in a substantial—

(i) improvement in the air transportation being provided such eligible point with no increase in the amount of compensation then being paid; or

(ii) decrease in the amount of compensation that will be required to continue essential air transportation to that eligible point.

(C) In disposing of each application filed under this subsection, the Board shall, in addition to considering the objectives specified in subparagraphs (A)(i) and (ii) of paragraph (4), solicit and give great weight to the opinions of the communities affected by the proposed replacement of an air carrier under this subsection.

[¶ 1294] Other Air Service

(b)(1) For purposes of this subsection, the term "eligible point" means—

(A) any point in the United States which has been deleted from a certificate issued under section 401 of this title between July 1, 1968, and the date of enactment of this section, both dates inclusive, and which the Board designates pursuant to paragraph 2 of this subsection; and

(B) any other point in the State of Alaska or Hawaii designated by the Board under paragraph 2 of this subsection.

(2)(A) Not later than January 1, 1980, after considering the views of State agencies and other interested parties, the Board shall, by rule, establish objective criteria for designating points as eligible points. In establishing or modifying such criteria, the Board shall consider, among other factors, the level of traffic generated by the point concerned, its future traffic generating potential, the cost to the Federal Government of providing essential air transportation to such point, the alternative means of transportation available to the residents of such point for access to the national transportation system and its principal communities of interest, and the degree of isolation of such point from the national air transportation system. The Board may, from time to time, by rule, modify the criteria established by it under this subparagraph.

(B) Not later than January 1, 1980, the Board shall begin to review each point described in paragraph (1)(A) of this subsection to determine whether such point shall be designated as an eligible point under the criteria established under subparagraph (B) of this paragraph. The review and designation of each such point shall be completed before January 1, 1982.

(C) On or after January 1, 1982, the Board, upon application by any interested party, may designate any point an eligible point under the criteria established under subparagraph (B) of this paragraph (i) if such point is in the State of Alaska or the State of Hawaii, and (ii) if such designation would not increase the total number of points receiving a subsidy under this section and section 406 of this title above the total number of points receiving a subsidy under such section 406 on July 1, 1968.

(3) The designation of any point by the Board under paragraph (2) of this subsection as an eligible point may be withdrawn if the point no longer meets the criteria for designation as an eligible point.

(4)(A) With respect to any point which the Board designates as an eligible point pursuant to paragraph (2) of this subsection, not later than the last day of the six-month period beginning on the date on which the Board makes such designation, the Board, after considering the views of any interested community and the State agency of the State in which such community is located, shall determine what is essential air transportation to such point.

(B) The Board shall periodically review the determination of what is essential air transportation to each eligible point, and may, based upon such review and consultations with any interested community and any State agency of the State in which such community is located, make appropriate adjustments as to what is essential air transportation to such point.

(5) Whenever the Board determines that essential air transportation will not be provided to any eligible point without compensation—

(A) the Board shall provide notice that applications may be submitted by any air carrier which is willing to provide essential air transportation to such point for compensation under this subsection. In selecting an applicant to provide essential air transportation to such point for compensation, the Board shall, among other factors, specifically consider—

(i) the desirability of developing an integrated linear system of air transportation whenever such a system most adequately meets the air transportation needs of the communities involved;

(ii) the experience of the applicant in providing scheduled air service in the vicinity of the communities for which essential air transportation is proposed to be provided; and

(iii) notwithstanding the provisions of clause (ii), with respect to any eligible point in the State of Alaska, the experience of an applicant in providing scheduled air service, or significant patterns of nonscheduled air service pursuant to an exemption granted pursuant to section 416 of this title, in Alaska; and

(B) the Board shall establish, in accordance with the guidelines promulgated under subsection (d) of this section, a rate of compensation to be paid for providing such essential air transportation.

(6) The Board shall make payments of compensation under this subsection at times and in a manner determined by the Board to be appropriate. The Board shall continue to pay compensation to any air carrier to provide essential air transportation to any eligible point only for so long as the Board determines it is necessary in order to maintain essential air transportation to such eligible point.

(7) Prior to terminating, suspending, or reducing essential air transportation to any eligible point, an air carrier—

(A) if such air carrier—

(i) holds a certificate issued under section 401 of this title, or

(ii) does not hold such a certificate, but is receiving compensation

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pursuant to paragraph (6) of this subsection for service to such eligible point,

shall give the Board, the appropriate State agency or agencies, and the communities affected at least ninety days['] notice prior to such termination, suspension, or reduction; and

(B) if such air carrier does not hold such a certificate and is not receiving compensation pursuant to paragraph (6) of this subsection for service to such eligible point, shall give the Board, the appropriate State agency or agencies, and the communities affected such notice (not to exceed 30 days), as the Board shall by regulation prescribe.

(8)(A) After January 1, 1983, any air carrier may file an application with the Board seeking to have the compensation provided under this subsection to the air carrier then serving an eligible point, and which has been serving such eligible point for at least 2 years preceding the date on which such application is filed, terminated in order to allow the applicant air carrier to provide essential air transportation to such eligible point for compensation under this subsection. The Board shall grant such application, after notice and a hearing if requested by an air carrier receiving compensation under this section, taking into consideration the objectives specified in subparagraphs (A)(i) and (ii) of paragraph (5) of this subsection, if the applicant can show that termination of the compensation being provided to the air carrier then serving such eligible point, and that the provision of essential air transportation for compensation under this subsection by the applicant, will result in a substantial—

(i) improvement in the air transportation being provided such eligible point with no increase in the amount of compensation then being paid; or

(ii) decrease in the amount of compensation that will be required to continue essential air transportation to that eligible point.

(B) In disposing of each application filed under this paragraph, the Board shall, in addition to considering the objectives specified in subparagraphs (A)(i) and (ii) of paragraph (5), solicit and give great weight to the opinions of the communities affected by the proposed replacement of an air carrier under this subsection.

[¶ 1295]

Level of Safety

(c)(1) For purposes of this subsection the term "commuter air carrier" means an air carrier exempt from any requirement of this Act under section 416(b)(4) of this title.

(2) Notwithstanding section 416(b) of this title, the Board shall not provide any compensation under this section to any commuter air carrier to provide service to any eligible point, and the Board shall prohibit any commuter air carrier from providing service to any eligible point, unless the Board determines that such commuter air carrier—

(A) is fit, willing, and able to perform such service; and

(B) that all aircraft which will be used to perform such service and all operations relating to such service will conform to the safety standards established by the Administrator under paragraph (3) of this subsection.

(3) Not later than the one-hundred-eightieth day after the date of enactment of this paragraph, the Administrator, by regulation, shall establish safety standards (A) for aircraft being used by commuter air carriers to provide any service described in paragraph (2) of this subsection, and (B) for all operations relating to such service. Such safety standards shall become effective not later than the last day of the eighteenth month which begins after such date of enactment and shall impose requirements upon such commuter air carriers to assure that the level of safety provided to persons traveling on such commuter air carriers is, to the maximum feasible extent, equivalent to the level of safety provided to persons traveling on air carriers which provide service pursuant to certificates issued under section 401 of this title.

[¶ 1296] Guidelines for Compensation

(d) The Board shall, by rule, establish guidelines to be used by the Board in computing the fair and reasonable amount of compensation required to insure the continuation of essential air transportation to any eligible point. Such guidelines shall include expense elements based upon representative costs of air carriers providing scheduled air transportation of persons, property, and mail, using aircraft of the type determined by the Board to be appropriate for providing essential air transportation to the eligible point.

[¶ 1297] Insurance

(e) No air carrier shall receive any compensation under this section unless such air carrier complies with regulations or orders issued by the Board governing the filing and approval of policies of insurance or plans for self-insurance in the amount prescribed by the Board which are conditioned to pay, within the amount of such insurance, amounts for which such air carrier may become liable for bodily injuries to or the death of any person, or for loss of or damage to property of others, resulting from the operation or maintenance of aircraft.

[¶ 1298] Definition

(f) For purposes of this section, the term "essential air transportation" means scheduled air transportation of persons to a point provided under such criteria as the Board determines satisfies the needs of the community concerned for air transportation to one or more communities of interest and insures access to the Nation's air transportation system, at rates, fares, and charges which are not unjust, unreasonable, unjustly discriminatory, unduly preferential, or unduly prejudicial, and—

(1) with respect to air transportation to any point (other than in the State of Alaska), in no case shall essential air transportation be specified as fewer than two daily round trips, 5 days per week, or the level of service provided by air carriers to such point based on the schedules of such air carriers in effect for calendar year 1977, whichever is less; and

(2) with respect to air transportation to any point in Alaska, essential air transportation shall not be specified at a level of service less than that which existed for such point during calendar year 1976, or two round trips per week, whichever is greater, unless otherwise specified under an agreement between the Board and the State agency of the State of Alaska, after consultation with the community affected.

[¶ 1299] Duration of Program

(g) This section shall cease to be in effect after the last day of the ten-year period which begins on the date of enactment of this section.

[*Sec.* 419 *added by Public Law* 95-504, *95th Congress, 2nd Session, approved October* 24, 1978, 92 *Stat.* 1732; *amended by Public Law* 98-213, *98th Congress, 1st Session, approved December* 8, 1983, 97 *Stat.* 1461; *amended by Public Law* 98-443, *approved October* 4, 1984, 98 *Stat.* 1708.]

[Title V begins on page 1905.]

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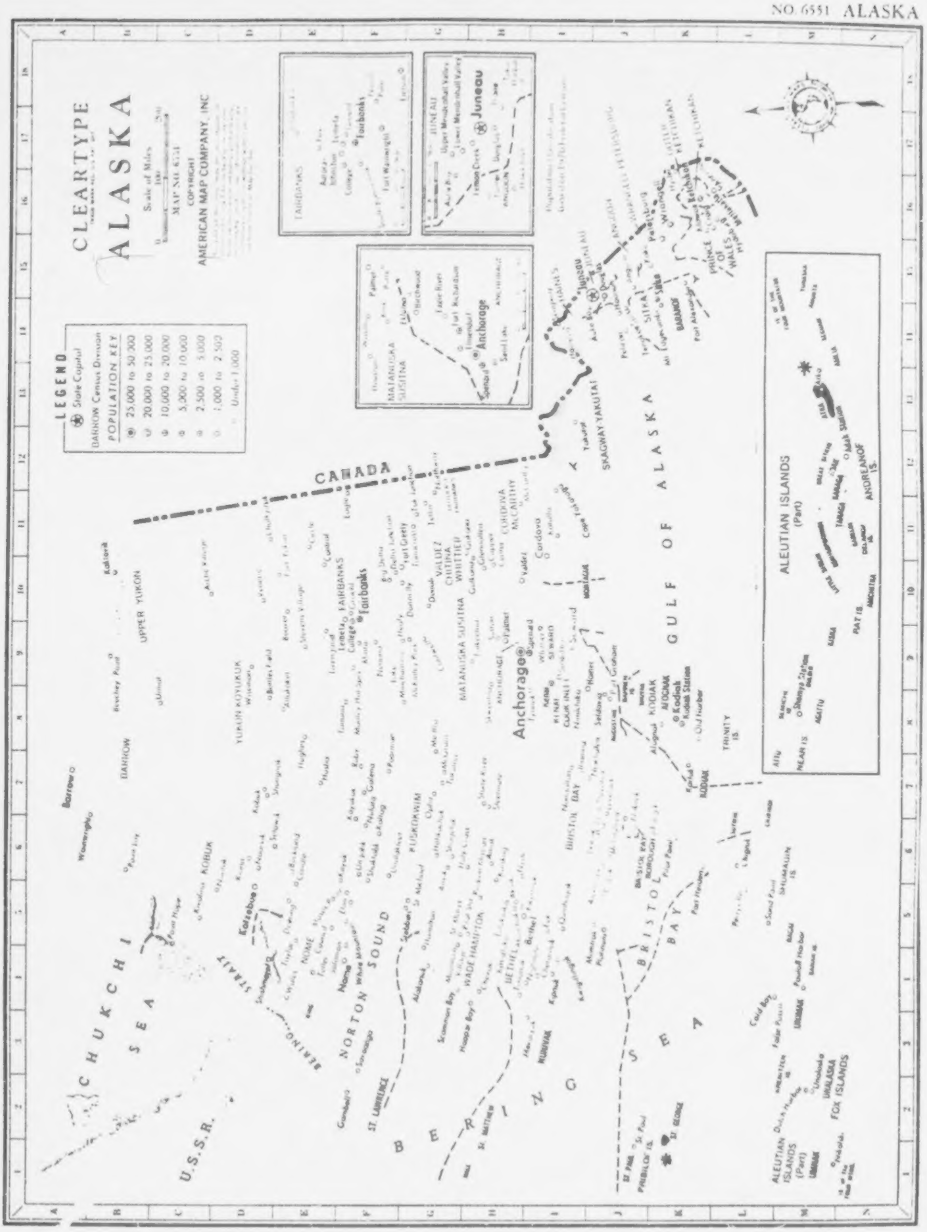
[EXHIBIT 2]

NO. 6551 ALASKA


CLEARTYPE
ALASKA
AMERICAN MAP COMPANY, INC
LEGEND
State Capital
BARROW Census Division
POPULATION KEY
25,000 to 50,000
20,000 to 25,000
10,000 to 20,000
5,000 to 10,000
2,500 to 5,000
1,000 to 2,500
Under 1,000
FAIRBANKS
JUNEAU
Juneau
MATANUSKA SUSITNA
Anchorage
CANADA
CHUKCHI SEA
U.S.S.R.
BERING STRAIT
NORTON SOUND
BERING SEA
BRISTOL BAY
GULF OF ALASKA
ALEUTIAN ISLANDS (Part)
ANDREANOF IS.
FOX ISLANDS
PRIBILOF IS.
Barrow
BARROW
UPPER YUKON
YUKON KOYUKUK
KOBUK
Kotzebue
NOME
Nome
KUSKOKWIM
BETHEL
WADE HAMPTON
Fairbanks
VALDEZ CHITINA WHITTIER
CORDOVA McCARTHY
Cordova
SKAGWAY YAKUTAT
KODIAK
Kodiak
SITKA
PRINCE OF WALES
Ketchikan

STATEMENT OF JAMES C. POPE

Senator ANDREWS. The next witness is James Pope, speaking on behalf of the FAA research and development moneys.

Mr. Pope. Mr. Chairman, my name is James Pope. I have 25 years of professional aeronautical experience as an aeronautic engineer. I am an inventor and patent holder of aviation safety controls, an airline transport pilot, an instructor of 5,000 hours.

I have 5 years as chief of safety with the Nebraska Department of Aeronautics and 18 years with the U. S. Department of Transportation.

I was chief of FAA's cash worthiness and passenger evacuation program. Manager for a $5 million demonstration project, first director of FAA's nationwide airport certification program, national director of the Federal Energy Office General Aviation Fuel Program during the energy crisis, and then appointed as FAA Acting Assistant Administrator, one of the top five agency positions.

I am speaking today not only for myself, but also on behalf of 548 men, women, and children who are unable to be present. Those are the people who have all been killed in midair collisions during the period since January 1976. Those midair collisions were preventable with technology available at that time.

It was during December 1975 that the FAA completed a comprehensive 4-year, $12 million technical evaluation of three different airborne collision avoidance systems called ACAS. A top level FAA Executive Committee Report 75–E7 summarizes the ACAS performance:

> Three ACAS systems have been tested and one of them meets all the objectives of the agency.
>
> On the basis of cost and preformance, the Honeywell system would be the choice for implementation. This solution could, with an early decision, reach a high level of effectiveness by 1983–84. The total cost through 1985 would be about $600 million.

Significantly, however, none of this money would have been from tax dollars. It would all have come from the airplane owners and the airlines, even having already committed themselves to the purchase of ACAS equipment.

At that point in time then, no further justification existed for subsequent Federal funding or funding requests by the FAA for R&D on their midair collision program. But FAA did not then terminate R&D funding requests for their midair collision program. Since fiscal years 1976 through 1985, FAA has asked Congress for, received, and squandered more than $121 million.

Yes; FAA has bilked all of us, the Congress and the taxpayers alike. But wait, have I omitted anything? Yes, I have.

So, now let me read once again from the 75–E7 Executive Committee Report, just one more paragraph. I didn't believe it when I first read it in 1975 and today, 9 years later, I still find it difficult to believe:

> Mr. Dow [the Acting FAA Administrator] emphasized that a very significant factor which should be recognized and considered is that the recommendations being made eliminate ACAS.

Eliminate ACAS? And after they had just confirmed that it met all the objectives of the agency? Yes; that is exactly what they did.

Why? Well that is what I asked. And that is why I did some research of my own and discovered the existence of a comprehensive technical report dated September 30, 1975, 2 months prior to the 75–E7 meeting. The report I had located was compiled by the Mitre Co., FAA's prime scientific consultant.

On page 4–4 of that report, I discovered exactly why. FAA had totally rejected ACAS. What the report specifically pointed out was that the major technical elements of FAA's midair program "would not be needed in an ACAS environment."

Stated more succinctly, ACAS certification would sound the death knell for FAA's entire midair program and the funding that went along with it. Obviously, feeling quite vulnerable as a result of their totally unsupported rejection of ACAS, thus desperately seeking any technical justification for their most inappropriate action, FAA contracted again with Mitre to do two more studies.

But then, to FAA's further embarrassment, Mitre next reported that ACAS would be far more effective than any or all of FAA's midair program concepts. In fact, Mitre concluded by stating that ACAS had the capability to prevent every conceivably preventable midair as well as preventing every near midair for the entire period of time evaluated.

But wait, there is even more. FAA has other studies which not only confirm that FAA's midair program is indefinitely flawed, but that it could actually cause midair collisions.

Mr. Chairman, very obviously what the FAA has done since 1975 is to trade off 548 lives of the flying public for their cumulative $121 million midair program R&D budget, not to mention the hundreds of thousands of pilots and passengers who have faced needless jeopardy in the skies during these past 9 years.

There is no way we can make amends to those 548 people who were killed, nor can we adequately console their families. I would also doubt very much if anyone in this room today would want to explain to their families that real reason that adequate midair collision protection was not and still is not being provided.

So, in conclusion, Mr. Chairman, I implore you and your subcommittee members to take the necessary prompt action which will:

One: Eliminate all of the $3.477 million requested by FAA for their fiscal year 1986 midair program and direct the suspension of all remaining moneys of the fiscal year 1985 appropriation.

Two: Direct the cancellation of FAA's unjustified and prohibitively expensive microwave landing system program—not even mentioned today because of time constraints—an action that would save even considerably more, a whopping $625 million. No doubt you could find a worthwhile place to put that much money.

Three: Request a GAO investigation of the reprehensible misconduct that has perpetrated these frauds for almost two decades.

Senator ANDREWS. Your time has expired. We appreciate your statement.

[The statement follows:]

STATEMENT OF JAMES C. POPE

SUMMARY

AGENCY INVOLVED: Federal Aviation Administration,
Department of Transportation

FUNDING INVOLVED: Research and development monies, and associated Facilities and Equipment appropriations for purchase of electronic ground equipment that FAA sponsored research studies confirm cannot be justified, either from cost or safety viewpoints.

ALLEGATIONS: Copius FAA records and reports exist to substantiate without a doubt that this Agency has been and is still involved in the gross waste of public funds appropriated for the conduct and followon of their major research and development efforts including the Microwave Landing System (MLS) program and their Aircraft Separation Assurance Program (ASAP).

Even more significantly however, FAA's flagrant conduct of these programs has in fact actually served to seriously derogate the levels of flight safety all during the past decade. Specifically, National Transportation Safety Board (NTSB) statistics just obtained document that during the past 9 years . . . from 1 January 1976 to present . . . 548 people have been killed in mid-air collisions, including 144 lives lost in the PSA Boeing 727 crash over San Diego in 1978. A $12 million, 4-year FAA-sponsored scientific research study, completed and reviewed by top administration officials prior to 1 January 1976, emphatically conclude that three Airborne Collision Avoidance Systems (ACAS) had been thoroughly evaluated and that one of them ". . . meets all the objectives of the Agency." At that precise point in time, FAA top level leadership were fully justified in directing that the Agency certificate ACAS immediately . . . ! The ACAS was not certificated then, is still not certificated, and as a result of this inaction, 548 people have lost their lives in preventable mid-air collisions.

ACTION REQUESTED:

(1) Suspend any further expenditures of FAA's FY 1985 Research, Engineering, and Development ASAP monies ($6,505,000 appropriation), and eliminate from FAA's FY 1986 request all of the $3,477,000.

(2) Direct the cancellation of all existing MLS purchase contracts and eliminate any further funding for the 1250 MLS systems envisioned by FAA.

(3) Request a General Accounting Office investigation of the misconduct that has perpetuated these frauds for almost a decade.

Inasmuch as the allegations which I bring to you today against the FAA are extremely serious though entirely documentable, I believe it to be entirely prudent that I provide you with a brief of my credentials, background, and experience.

My name is James C. Pope and I reside in McLean, Virginia. I have a Bachelor of Science degree in Mechanical Engineering and am further qualified by the Office of Personnel Management (OPM) in several other engineering disciplines including aeronautical and aerospace. During the past 25 years, I have been directly involved in aviation safety programs, both at the State level and at the National level. I am the holder of Letters of Patent for aeronautical safety controls, and was founder and President of my own aeronautical products corporation. I have an Airline Transport Pilot certificate with ratings as an instructor in multi-engine aircraft and helicopters, and flew 5 years as a professional pilot (and was Chief of Safety) for the Nebraska Department of Aeronautics. More recently, I have been employed by the U.S. Department of Transportation for 18 years, during which time I served as the first National Director of FAA's airport certification program; represented both the FAA and the entire nationwide General Aviation community with service at the Federal Energy Office during the 1973-74 Fuel Crisis; and was soon thereafter appointed by the FAA Administrator to the high level position of Assistant Administrator (Acting) for the Office of General Aviation.

During the particular period of time from mid-1971 through mid-1978, one of my primary responsibilities was to analyze, evaluate, and recommend policy regarding all major FAA Research, Engineering, and Development (R&D) programs. In my position with the Agency, and with several strokes of remarkable good luck, I had essentially unlimited access to any and all within-house resource information including contracted scientific reports and studies. All information, documentation, and statistics gathered by the FAA, especially that obtained from outside research consultants, is automatically divided into two categories:

(1) Program Supportable: meaning that material which provided unqualified support and backing for FAA programs, available for release to the public.

(2) "FOR OFFICIAL USE ONLY": an identification used to denote other material which was viewed as potentially detrimental to the Agency, or its programs, and which was not to be made available to the public. In addition, maximum efforts were made to shortcut the publication of unfavorable reports, but should they somehow get into print, they would be immediately "deep sixed" by the contract manager. Thereafter, it was the within-house unwritten rule that any questions on said material were to be met with denial--to the public, to the aviation community, and to the U.S. Congress.

During my 7 years of service with the Office of General Aviation, I gradually compiled comprehensive documentation, predominately from FAA's own files, which revealed instance upon instance of misfeasance, not only by the administrators and scientists of the Engineering and Development Office, but also from the Agency's top leadership.

In terms of credibility, I particularly want to point out that at all times, except for the period when I served as Assistant Administrator myself, I served the position of Chief, Industry and Government Division, with full endorsement, unqualified support, and constant recognition from my direct supervisor for the work which I did in identifying R&D programs that were (and still are) unnecessary, duplicative, counterproductive, and invariably in direct competition with those of U.S. Aviation free enterprise.

On the basis of the voluminous evidence which I have compiled and is available, I am here today to charge the FAA with abuse of authority, mismanagement, and a gross waste of funds, all of which have resulted in a substantial and specific danger to public health and safety.

It is almost impossible to accurately identify just how many millions of dollars have been squandered recklessly by the FAA R&D bureaucracy, or how many more hundreds of millions of dollars they will devour if not cut off at the pass, but suffice it to say that for the ASAP program alone, just since an industry-developed Airborne Collision Avoidance System (ACAS) was proven and available in 1975, the amount approaches just under $125,000,000. What mades the entire situation even more bizarre is that, despite all of their promises to Congress, voluminous publicity, constantly shifting acronyms and euphemisms, and all this after 15 years of spending and research, the FAA has finally acknowledged, albeit through twisted propaganda, that their mid-air collision program is a failure, and that they are continuing to test an inherently flawed device designed to protect only one percent of the non-military aircraft that fly the skies over our country.

Just how does this very specious situation finds its sustenance?

The explanation is very elementary. By law, the FAA is empowered to approve and certificate any and all airplanes, pilots, mechanics, airports, aviation schools, and all systems and devices which will be operated within the National Airspace System (NAS). Thus, if the FAA researchers are involved in the development of a program or project which has had, or subsequently develops, competition from the aviation industry, all the FAA has to do is--nothing; that is, they just refuse to certificate their competitor's product--and it dies on the vine. This process is well-known within the FAA as the acronym NIH--Not Invented Here. If it isn't invented by the FAA,--metaphorically speaking--it just won't fly!

In other words, the FAA has substituted its Congressional mandate to promote aviation and aviation safety with the more self-serving goal of bureaucratic perpetuation.

NIH Case in Point Number 1: FAA's Microwave Landing System (MLS) Program

As a result of a high-level advisory committee (ATCAC) study in the late 1960's, FAA R&D established an elaborately funded and well staffed function for the express purpose of developing an essentially in-house designed MLS.

Once the advantages of the MLS concept became recognized by the aviation electronics industry, however, several U.S. manufacturers entered into immediate competition with the FAA and began developing their own individual versions of the MLS. As if that wasn't exasperating enough to the FAA, MLS competition also emerged on an international level--from Great Britain, Germany, Australia, and other member nations of the International Civil Aviation Organization (ICAO). In fact, the British MLS (which used the Doppler principle) was in place and operating effectively all during the early 1970's as FAA feverishly sought to invent their own in-house version of MLS which they called the Time Reference Scanning Beam (TRSB) System.

Faced with such copious competition, FAA soon took direct action designed to eliminate all competition, both at home and abroad. Their plan was simple but deceptively clever. In order to "prevent proliferation", FAA would conduct an MLS competition program designed to select and officially recognize only one of the several U.S. MLS free enterprise systems. However, in order to make it perfectly clear that the eventual standard would be FAA's TRSB MLS, FAA directed that the winning system would be tagged with a name that was calculated to discourage would-be purchasers; it would be designated as the "Interim Standard MLS" (ISMLS).

After many months of FAA generated "red tape" (during which time the FAA was making every effort to get their TRSB invented and operating), the Tull Aviation Corporation MLS design was selected to carry the official name of ISMLS. Now there was only one U.S. free enterprise competitor and the FAA was reasonably confident that no one would be interested in spending $75,000 (Tull's MLS price tag) on an "Interim Standard" MLS. William Tull, however, proved himself to be an incredibly formidable opponent; he had designed his company's MLS, he personally conducted all the marketing and sales operations, he served personally as corporation liaison and representative for his company with the FAA, and he was above all a brilliant expeditor. He was also excellent in one other area--letter writing. Within a few weeks, FAA's problem of "MLS proliferation" had been replaced by a "proliferation of Tull correspondence". Moreover, Tull proceeded to further distress the FAA by rapidly selling, manufacturing, and installing his ISMLS systems at many locations throughout the U.S. Sensing increasing and widespread enthusiasm for Tull's ISMLS, FAA made the decision to once and for all scuttle Tull by violating an ICAO agreement which precluded any member country from establishing their own "national standard MLS". On 1 April 1977, the outgoing FAA Administrator signed a directive designating the TRSB MLS as a U.S. "National Standard". If carried out, this action would have sounded the death knell for the Tull ISMLS. However, when this incredibly self-serving ploy was discovered--and almost immediately--the entire aviation community raised such a furor with the White House, the DOT, and with the Congress, that in consumate embarassment, the FAA hastily withdrew the directive.

Undaunted, however, the FAA continued to conspire against Tull's increasing success. FAA projected that the cost of their TRSB MLS would be the same as Tull's--$75,000. In violation of prior agreements, FAA began installation of their systems at the same locations where Tull had sold and installed his ISMLS. FAA system flight test technicians checking ISMLS operating specifications reported the ISMLS signals out of tolerance, when in fact it was later determined that the FAA test equipment was itself defective. FAA also totally rejected the combined recommendations of a majority of aviation organizations for the Agency to cease their harassment of the ISMLS system.

All during this entire period of time, FAA was also engaged in an all-out conflict, primarily with the British and their Doppler MLS, in quest of the "International Standard" designation. Through the means of high visibility demonstrations of their TRSB MLS at selected airports throughout the world, FAA hoped to convince other member ICAO nations that TRSB was perfected, when in fact it was discovered by the news media that the demonstrations had been contrived and that the approaches were actually being guided by triple redundant Inertial Navigation Systems (INS).

In the end, however, FAA's tactics prevailed and the TRSB MLS was selected as the "International Standard". Once this massive effort was accomplished and all competition was quelled, the Tull Company was forced into bankruptcy and Bill Tull went into the hospital for triple bypass heart surgery. The entire project essentially went "dead in the water". Only by coincidence in 1980 did I learn directly from a top FAA official as to just why MLS went dormant. First off, the current Instrument Landing System (ILS), upgraded to solid state components, was serving NAS extremely well in all modes of approach and landing operations. Secondly, none of the major FAA operating elements including Aviation Standards and Air Traffic were interested nor could find validation for implementing the MLS program. Thirdly, none of the aviation pilot organizations including the Airline Pilots Association were ready to support the "curved approach" concept which was the primary basis upon which the TRSB MLS was touted. Lastly, the TRSB MLS per unit costs, which R&D projections had previously and misleadingly set at $75,000 were suddenly discovered to be almost ten times that amount--various estimates were given between $500,000 and $750,000.

Nonetheless, despite this total lack of justification, shortly thereafter, (then) Administrator J. Lynn Helms directed the manufacture and purchase of 172 of the MLS systems, the first of three procurements that will total 1,250 systems for a total cost of more than $625 million.

Immediately a ruckus arose within the aviation community. "Where were these systems to be installed?" All the major airports throughout the country are presently equipped with fully satisfactory ILS systems. The need for additional approach systems is at the hundreds of small General Aviation airports across the country, but at $500,000 each?

TRSB/MLS--a boondoggle of the highest magnitude!

NIH Case in Point Number 2: FAA's Aircraft Separation Assurance Program (ASAP)

As flagrant as FAA's behavior was on the MLS issue, it pales in comparison to what has been taking place for the past 15 years with the ASAP program. Although FAA's Congressional mandate is multi-faceted, their primary responsibility is to keep airplanes from crashing into one another. Approximately 75% of the total worldwide FAA workforce are engaged in various operations for the purpose of preventing mid-air collisions. The Air Traffic Control (ATC) segment of FAA is perhaps the most well-known to the general public; and in fact, almost 50% of personnel staffing are engaged in some phase of air traffic control.

However, it is likely that only a small segment of the flying public is aware that FAA's ATC system is designed and operated to (supposedly) guarantee separation protection only to those aircraft which are flying on Instrument Flight Rule (IFR) plans. The majority of aircraft in the skies are not flying IFR, but are being operated according to Visual Flight Rules (VFR) and thus are not under the protection nor the control of the ATC system. In addition, even the IFR aircraft that are flying in VFR weather conditions are not (supposedly) guaranteed positive protection from other aircraft. Moreover, VFR aircraft are frequently not in communication with the Air Traffic Control Center, and in the further event that they are not equipped with electronic identification devices called transponders, they are most likely not visible on the ATC controllers radar scopes.

Compounding this situation is the fact that hundreds of mistakes are being made daily--by both pilots and by the ATC controllers--inadvertent mistakes, of course, but mistakes nonetheless. Then there are the unpredictable equipment failures--

both in the air, and on the ground. Information just obtained from the NTSB documents that during the period from 1 January 1976 to present, 548 people have been killed in mid-air collisions. Moreover, near-misses (near hits) each year number into several thousands. Ref Exhibit #1.

It thus becomes strikingly obvious that what is needed is a dependable backup system which will function in an emergency--or outside of FAA radar coverage--to provide protection against mid-air collisions.

For at least during the past 30 years both the FAA and the entire aviation community have recognized the need for such a backup system. During the past 18 years, the FAA researchers have sought to invent their own version of such a system; unfortunately, despite the infusion of hundreds of millions of R&D monies, their efforts have been singularly unsuccessful.

Ironically, the ATCAC (advisory committee) that in the late 1960's recommended the MLS, also proposed a dual phased ATC adjunct system identified as DABS/IPC (Discrete Address Beacon System/Intermittent Positive Control)--IPC later changed to ATARS (Automated Traffic Advisory and Resolution Service).

Once again, as they did with the MLS program, the FAA assembled a bureaucratic and annually well-funded R&D team assigned to invent DABS/ATARS. Originally scheduled for implementation sometime in the 1990's, a concerned Senate Aviation Subcommittee in 1972 expressed concern at such a long-term project and directed that the FAA expedite evaluation of other ATC backup system options, specifically three ACAS at that time currently being independently developed by McDonnell-Douglas, RCA, and Honeywell. With lightening-like speed (3 years later), on December 16, 1975, FAA formally concluded this 4-year $12 million evaluation with a summary presentation of facts, recommendations, and conclusions to the entire top-level leadership of the FAA. Executive Committee Report 75-E7 confirmed:

(1) "Three ACAS systems have been tested and one of them meets all [emphasis added] the objectives of the Agency."

(2) "This system could reach a high level of effectiveness by 1983-84."

The cost projection for each ACAS unit was $1,180 (it must be pointed out that these cost projections were not FAA generated).

So it was that by 1 January 1976, the Honeywell ACAS was proven effective, available, inespensive, and ready for FAA certification. Honeywell immediately proceeded with elaborate plans to manufacture and market their ACAS which they called AVOID. Ref Exhibit #2. However, to the utter amazement of everyone in the entire aviation community, and aviation oriented members of Congress, FAA refused to Certificate ACAS--then or now!

Just why wasn't the ACAS certificated by the FAA?

Simply put--again--NIH, Not Invented Here!

And, not surprisingly, EXCOM Report 75-E7 was labeled "For Official Use Only." Ref Exhibit #3.

Just about that time I discovered a comprehensive report compiled by FAA's prime outside scientific company, MITRE. The report was dated 30 September 1975 and titled: "ANALYSIS OF ALTERNATIVES FOR IMPROVING AIR TRAFFIC CONTROL, SURVEILLANCE, COLLISION AVOIDANCE, AND COMMUNICATIONS.

The many revelations disclosed were fascinating, but there were two particularly significant conclusions. Page 4-4, "In the case of the ACAS part of the decision tree, it was judged that IPC (ATARS) would not [emphasis added] be needed in an ACAS environment."

Thus ACAS was not just a competitor, it was lethal to FAA's DABS/ATARS program; henceforth, ACAS has been viewed as an anathema.

At that point in time the decision was made by FAA top-level officials to mislead everyone, including the Senate Aviation Subcommittee members regarding the overwhelming advantages of the ACAS system. Instead, the FAA announced that they would proceed with the development of an alternative device called the Beacon Collision Avoidance System (BCAS). [This concept had been previously rejected before Congress, but under the name of Collision Avoidance Device (CAD); thus the reason for the name change to BCAS.] This entire charade was, of course, concocted for the sole purpose of distracting both Congress and the aviation community until such time as DABS/ATARS was ready for implementation.

The above-identified MITRE report, however, also addressed the BCAS: Page 8-41, "In the case of an encounter between aircraft where only one is BCAS equipped it is possible for the BCAS to provide the wrong command if the unequipped aircraft initiates a sudden maneuver." Further, ". . . BCAS is considered primarily as an interim [emphasis added] solution to the midair collision problem from 1979 when the first air carrier might be BCAS equipped until 1990 when DABS/IPC (ATARS) would be fully implemented."

Thus it became unmistakably evident that the FAA researchers were proposing a BCAS system that they knew was inherently flawed and was being used with but one purpose--to buy time for the DABS/ATARS development program.

Somewhat self-conscious from the EXCOM 75-E7 report findings, FAA R&D immediately sought to acquire other data that would counter the stated ACAS benefits and instead serve to support FAA's new ASAP program which had just been augmented with the BCAS concept.

Two new MITRE reports were soon presented for FAA approval.

Incredibly, both of these reports were immediately viewed as consummate disasters by the R&D staffers. One of them dated July 1976 and titled: "IMPACT OF THE UG3RD ATC SYSTEM ON AVIATION SAFETY" Ref Exhibit #4, concluded with an analysis of all conceivably preventable mid-air collisions for the 9-year period of 1964 to 1972. This analysis compared the numbers of mid-airs that could have been prevented by (1) the baseline ATC system--118, (2) DABS/ATARS--174 to 190 depending upon the number of sites (at approximately $1.5 million per site), BCAS--with a total of only two saves above the baseline number, and ACAS which in conjunction with the baseline ATC system would have prevented all [emphasis added] 228 of the accidents.

The second MITRE report dated June 1976 and titled: "NEAR MIDAIR COLLISION DATA ANALYSIS" also concluded that "If ACAS had been installed on all aircraft (similar to DABS/IPC) then the ACAS could have possibly prevented all [emphasis added] of the avoidable (173) NMACs compared with 126 possibly prevented by DABS/IPC."

Neither of these reports were ever published, and everyone associated with them have denied the reports ever existed, everyone including a prior FAA Administrator whose denials were documented in an official letter dated 20 June 1979 and addressed to Congressman Elliott Levitas.

In a continuing effort to deceive Congress and the aviation community about the failures of BCAS, in 1981 the name was changed to T/CAS for Threat Alert/Collision Avoidance System. FAA's T/CAS director, however, openly admitted that only the name had been changed--except that two versions of T/CAS were introduced: T/CAS-2 (formerly BCAS) envisioned only for the approximately 2,500 airline aircraft, and T/CAS-1 austensibly for the more than 250,000 General Aviation aircraft. Actually, T/CAS-1 turned out to be nothing more than technological subterfuge and was soon thereafter revealed to be the oft rejected Proximity Warning Indicator (PWI), a device that was tested by the FAA 15 years ago and found to be essentially useless.

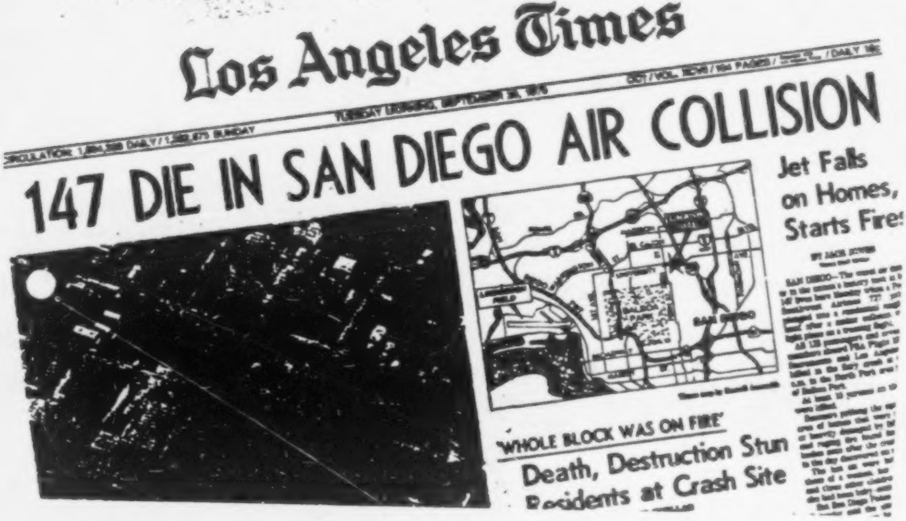
Then, in late 1981, a bizarre twist was given to FAA's ASAP program. Apparently completely unaware of the machinations being conducted by his R&D staff, (then) FAA Administrator J. Lynn Helms suddenly cancelled the DABS/ATARS program by doing away with ATARS completely and changing the name DABS to Transponder

Mode S. Thus, the ASAP tragicomedy now has as its prime goal the development of an admittedly flawed BCAS/TCAS device which had been initially seized upon only as a ploy to gain time for ATARS development.

Without any apparent evidence of a conscience, the FAA bureaucracy brazenly continues to squander millions of the taxpayers' dollars on an admittedly deficient stopgap that they now tout as the ultimate solution to the mid-air collision problem.

This bureaucratic deception will needlessly endanger lives of the flying public for decades to come.

Mr. Chairman, not only on behalf of the 548 people who have lost their lives since the ACAS system was proven effective and available, but for all the flying public who will otherwise have their lives placed in future jeopardy, I implore you and your Committee to take the necessary action to immediately curtail FAA's brazen dereliction of responsibility in this critical issue of aviation safety.



Los Angeles Times

147 DIE IN SAN DIEGO AIR COLLISION

Jet Falls on Homes, Starts Fires

'WHOLE BLOCK WAS ON FIRE'

Death, Destruction Stun Residents at Crash Site

[EXHIBIT 1]

FAA REPORTS INCREASE IN MIDAIR NEAR COLLISIONS

[From the Washington Post, April 20, 1985]

By Douglas B. Feaver
Washington Post Staff Writer

The Federal Aviation Administration said yesterday that during the first three months of this year there were 20 near collisions in the air in which a commercial airliner came within 500 feet of another airplane—an increase of nine over the same period a year ago.

FAA Administrator Donald D. Engen said his agency released the preliminary statistics "so all concerned will exercise increased judgment during the spring and summer, when historically such incidents occur with more frequency."

Engen said he had expected the increase because of improved reporting systems within the FAA and increased emphasis on pilot reporting.

However, the statistics come as the number of flights is increasing and when the FAA's air traffic control system is under pressure to handle more airplanes.

In most of the incidents, Engen said, at least one of the aircraft involved was neither in contact with nor under the direction of air traffic controllers.

Many private and military flights operate on their own; all commercial flights are required to maintain communication with air traffic controllers.

There were 141 near collisions in the air reported during the first quarter, involving all categories of airplanes; a year earlier there were 98.

In the more critical category—those in which airplanes come within 500 feet of each other—there were 108 incidents during the first quarter, compared with 53 a year earlier. In other words, there was more than a doubling of more-critical incidents reported.

In only one of the 500-feet-or-closer incidents were both planes commercial flights. There were 15 incidents involving commercial planes and private planes, and four involving commercial planes and military flights.

In 44 of the 108 incidents, both planes involved were private aircraft; 31 of the incidents involved private and military aircraft, and in 10 incidents both planes involved were military. In three instances, both aircraft could not be identified.

During the same period there was only one midair collision, involving two private planes. Two persons were killed.

Also yesterday, the National Transportation Safety Board urged the FAA to improve coordination between controllers after a mixup that nearly caused two jumbo jets to collide on a Minneapolis runway March 31.

One controller radioed one of the jets to cross the runway at about the same time that another controller gave the other jet permission to take off on the same runway.

"It is already evident," the board said, "that deficiencies in coordination" were involved.

[EXHIBIT 2]

1976

SOMEDAY THERE WILL BE A SOLUTION TO MIDAIR COLLISION PROBLEMS

THAT SOMEDAY IS TODAY AT

Honeywell

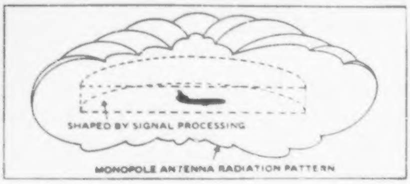
- Practical in size, weight, and cost
- Ability to handle extremely high density air traffic (up to 800 aircraft) within a 70 mile radius
- Virtually a zero false alarm rate
- Compatibility with the air traffic control (ATC) system
- Versatility -- the ability to meet both the cost and technical needs of high performance jet aircraft and single engine propeller driven aircraft.

Honeywell has developed, manufactured, and tested two collision avoidance systems that meet all of the above requirements. AVOID-1 is designed for airlines and other users of high performance jet aircraft. AVOID-2 is more simple, less costly, and meets the needs of smaller and slower aircraft.

How Does It Work – What Does It Do

Both systems consist of the following:

- **Two Antennas** - acting together, the two antennas send out coded RF (radio frequency) signals all around the aircraft as shown in the figure. One antenna covers the hemisphere of space above the aircraft; the other covers the hemisphere of space below the aircraft. The same antennas also receive the RF signals from other aircraft.


SHAPED BY SIGNAL PROCESSING
MONOPOLE ANTENNA RADIATION PATTERN

Aircraft equipped with a Honeywell Collision Avoidance Systems are protected by a "shield" of pulse-coded RF signals. If other aircraft with similar equipment enter the protected air-space, both are electronically made aware of the other's presence.

[EXHIBIT 3]

EXECUTIVE COMMITTEE MINUTES
75-E7
December 16, 1975
4:30 p.m.

Chairman: Mr. Dow

Attendees: Weithoner, Cochran, Israel*, Sheftel, Meister, Flener, Landolt, Ferrarese, Kuykendall

Assessment of Airborne Collision Avoidance Systems (ACAS).

The following three systems were evaluated:

Manufacturer	Name	Type
McDonnell-Douglas	Eliminate Range Zero System (EROS)	Time/Frequency
RCA	Separation Control of Aircraft by Nonsynchronous Techniques (SECANT)	Interrogate/ Transponder
Honeywell	Avionic Observation of Intruder Danger System (AVOIDS)	Interrogate/ Transponder

On the basis of cost and performance, the Honeywell AVOIDS II system would be the clear choice for implementation. This solution could, with an early decision, reach a high level of effectiveness by 1983-84. The total cost through 1985 would be about $600 million.

Mr. Dow stated the necessity for the agency's having a positive plan of action. He said that once a decision is made, an agency package must be prepared outlining the program and stating the agency's objectives. He feels FAA must be prepared to give a full accounting to Senator Cannon, who instigated the report, and that a large part of that discussion will deal with the elimination of ACAS, in view of the fact that three ACAS systems have been tested and one of them meets all the objectives of the agency.

APPROVED: D. P. Castleberry
Director, Executive Secretariat

DATE: 1/13/76

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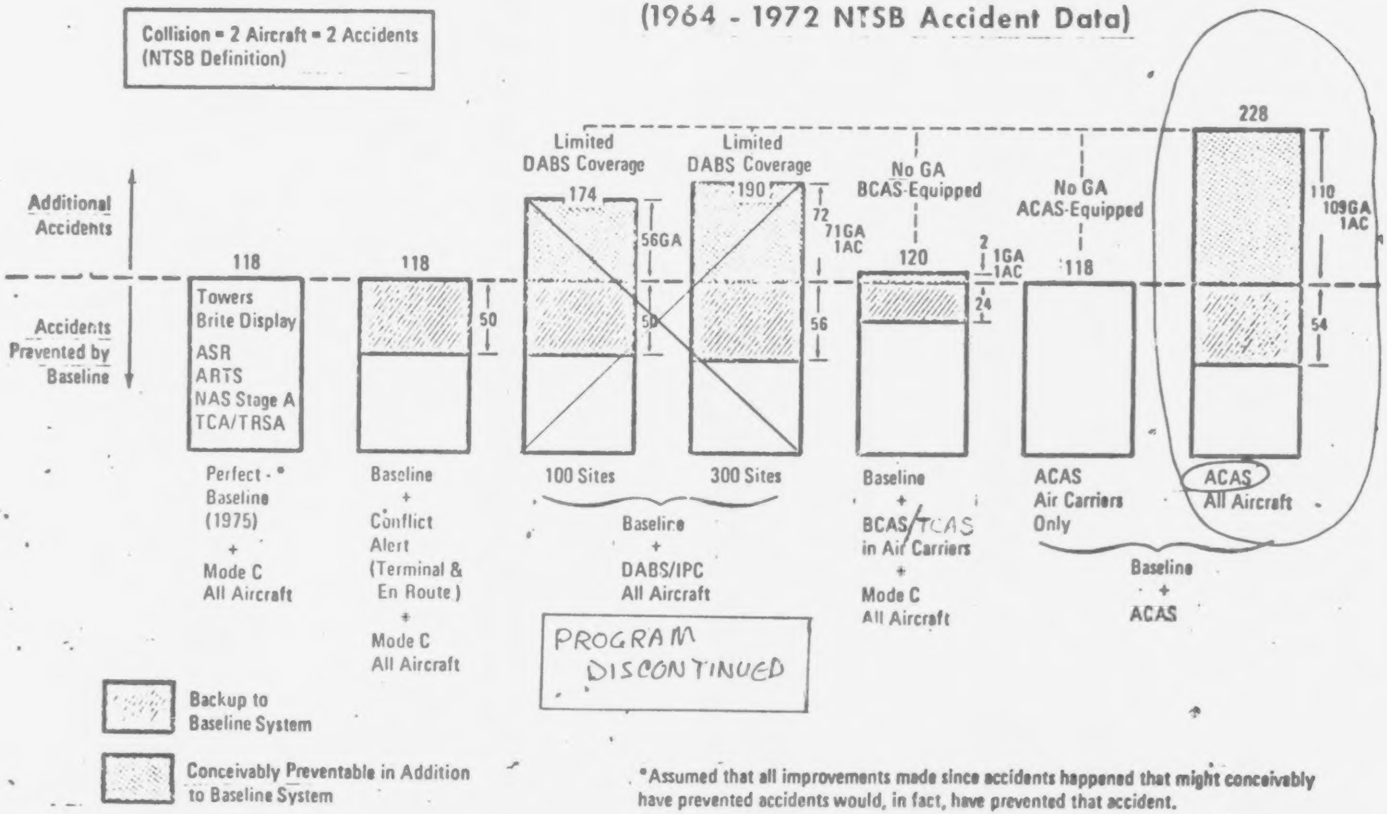
Public Availability To Be Determined Under 5 U. S. C. 552

[EXHIBIT 4]

Total Midair Collision Accident Conceivably Preventable by the UG3RD ATC System

(1964 - 1972 NTSB Accident Data)



*Assumed that all improvements made since accidents happened that might conceivably have prevented accidents would, in fact, have prevented that accident.

COLD WEATHER TRANSIT TECHNOLOGY PROGRAM

STATEMENTS OF:

WILLIAM B. BERRY, PROGRAM MANAGER, CWTT PROGRAM, ASSISTANT DEAN FOR RESEARCH AND GRADUATE STUDY, UNIVERSITY OF NOTRE DAME

KEITH KAHLE, ADVISOR TO THE PRESIDENT, ELECTROCOM AUTOMATION, INC.

Senator ANDREWS. The next panel will be Dr. Berry and Mr. Kahle who will address both Coast Guard and transit research.

Mr. BERRY. Thank you, Mr. Chairman.

Mr. Kahle is on my right, respresenting the president of ElectroCom Automation. Dr. Walter J. Gajda, Notre Dame Technical Program Director, is on my left.

My full statement has been given to the committee and requests appropriations to reinstitute the Cold Weather Transit Technology Program.

The program has essentially stopped due to the lack of continued funding despite the direction given by Congress to the Department of Transportation/Urban Mass Transportation Administration last year.

We have submitted a proposal to UMTA and are currently awaiting some action on it. Despite CWTTP work cessation, two major test projects which were intiated by the program were conducted this past year.

One is CTA in Chicago where the traction motor winterization modification continues to be very effective, and the other is where the track switch deicing system on Amtrak facilities now in Niles, MI, continues to show outstanding performance.

In summary, we would appreciate the committee's concurrence in our request for continued funding for this program, either through the 1986 appropriation or funding that still exists in the 1984 and 1985 appropriations.

I will turn it over to Mr. Kahle.

Senator ANDREWS. Mr. Kahle.

STATEMENT OF KEITH KAHLE

Mr. KAHLE. Mr. Chairman, my testimony today is in support of Dr. Berry's request for appropriations for the reinstitution of the Cold Weather Transit Technology Program.

ElectroCom Automation concurs with, and supports, the University of Notre Dame in recommending that the Cold Weather Transit Technology Program be given an immediate restart through the issuance of interim funding.

Assuming, as in the past, the committee and conferees vote to continue this worthwhile program, it is respectfully requested that this action be inserted as a line item in the 1986 UMTA R&D section of the Department of Transportation and Related Agencies appropriations bill.

This prompt action is encouraged to get a good program going again, and to allow procurement of hardware for testing during the 1985–86 winter period. Otherwise, due to agency inaction, this program will die on the vine. As such, specific direction by line item is deemed necessary.

Dr. Berry has presented the history and accomplishments of the program, and has outlined the projects to be undertaken in the proposed program continuation in support of his request.

I will support that testimony by briefly describing the benefits that would be derived by the completion of the engineering application tasks ElectroCom Automation would be responsible for in the proposed program continuation. They are:

One: The demonstration of a fully automated, vehicle mounted RF coil third rail deicer system. This system would provide an energy efficient method of removing ice from transit system third rails. It would replace many miles of expansive third rail heaters and would eliminate excessive wear and damage to third rails caused by currently used steel ice scrapers.

Two: An investigation of the cause and effects of electromagnetic interference that will define the problems and find the solutions, if necessary, for the RF coil deicer and for use by transit systems contemplating the deployment of new electronic power conversion equipment.

The primary benefit that would be derived from this work is the development of technology for protecting transit system command, control, and communications equipment and in neighboring radio, television, and computer equipment from disruptions caused by electromagnetic interference.

Three: The development and evaluation of practical iceophobic materials for use in railroad and transit system ice control and snow removal applications. A success here would provide a breakthrough in combating ice and snow as it would create a nonenergy-using deicing countermeasure. Transit system components, now vulnerable to ice and snow, could be made to have surfaces that are ice and snow resistant.

Four: The establishment of basic criteria for the design and specification of efficient and reliable track switch deicing systems through extensive hardware testing of state-of-the-art, improved existing, and automated systems across the Northern United States.

The installation and use of the resulting improvements and new energy efficient deicer systems on the thousands of track switches which provide the vital connections for our railroad and transit system networks would result in increased reliability and safety for passenger and freight transportation at an affordable cost.

Five: The quantification and solution development for the cold weather problems of catenary power distribution systems will provide relief, technical assistance and solutions for the wear, breakage, and maintenance problems for railroads and transit systems using overhead electrical power systems.

The results of this work will also provide needed technology for the required future expansion of railroad electrification caused by the inevitability of high cost oil or its absence.

ElectroCom Automation firmly supports Notre Dame in response to this subcommittee's previous directives in regard to continuing the development of cold weather transit technology.

We have the people, engineering, manufacturing, and testing experience to turn Notre Dame's research into hardware solutions for existing real world problems faced by the Nation's railroad and transit systems each winter.

Senator ANDREWS. Thank you very much. We appreciate your appearance.

[The statements of Mr. Berry and Mr. Kahle and accompanying documents follow:]

STATEMENT OF WILLIAM B. BERRY

Thank you for the opportunity to appear before the committee. With me are: Dr. Walter J. Gajda, Notre Dame Technical Program Director; Robert S. Buzard, President and CEO of ElectroCom Automation, Inc.; and Keith Kahle, Advisor to the President.

My statement requests appropriations to reinstitute the Cold Weather Transit Technology Program.

This program has essentially stopped due to lack of continued funding despite the direction by Congress to the Department of Transportation/Urban Mass Transportation Administration last year.

Despite CWTTP work cessation, two projects initiated by the program were continued by Transportation Agencies through the 84-85 winter period. These are the traction motor winterization modification on two cars of the Chicago Transit Authority and high energy efficient rail track switch deicing system of Amtrak at Niles, Michigan. Both of these programs continue to demonstrate outstanding performance and the merit of the CWTT Program.

In summary, this statement and its supporting documents seek the committee concurrence with this request for $7.5 million through line item direction to DOT/UMTA in its 1986 Appropriations under Section 6, Research, Development and Demonstration Projects of the Urban Mass Transportation Act of 1964, as amended, and through funding from uncommitted Fiscal Year 1984 and 1985 UMTA Section 6 Appropriations.

In the following pages, work to be accomplished, accomplishments to date and a brief program history are presented.

Rationale:

Cold weather frost, ice and snow continue to impose hardship on those who must use or prefer mass transit for transportation to work or shopping. The resultant loss in productivity and commerce has serious impacts lowering the gross national product, and, more importantly, decreasing the competitive viability of some businesses in wintry weather affected areas.

The severe conditions which devastated areas of the nation's northern tier in the winters of 77-8 and 78-9 prompted efforts to find cost effective technological solutions for the woes which beset the transit authorities and were devastatingly reflected in the conduct of business. The Cold Weather Transit Technology Program has led in hardware development and improvement to meet these needs. The results were not white papers on trends in technology but hands-on, how to do it solutions.

History

In the Spring of 1979, Notre Dame joined with the Vought Corporation to propose a four year, $20M, program for research and development of cold weather equipment for automated guideway systems in preparation for the downtown people mover (DPM) program. Congress appropriated funding, work commenced, and a series of reports resulted on complete hardware development in some areas of transit equipment operation and progress toward solutions in others.

In 1980, Congress appropriated funds for the second year. However, the new administration's diminished emphasis on the development of DPM systems resulted in an agreement to redirect the program to emphasize solutions for existing transit systems' problems under cold weather conditions. The problems were similar but the specific equipment differed in design and therefore required new design approaches.

The initiation of this redirected program required establishing confidence on the part of the transit properties and industries that the program would be a cooperative one. That this has been successfully accomplished is indicated by: cooperation and contributions to the program of equipment and services by numerous industrial equipment suppliers; personnel effort and equipment contributions by several transit authorities, and personnel effort and equipment from DOT/Transportation Systems Center.

The second phase of this work has been carried out and is documented in Appendix A. Some of the equipment hardware solutions are complete and either being implemented or ready for implementation by the Transit Authorities and their suppliers.

In May of 1983, a meeting of transit and rail representatives was held to discuss the progress made by the CWTT Program and to obtain their recommendations. Major Transit Authorities sending representatives included:

CTA (Chicago)
MBTA (Boston
NYCTA (New York)
SEPTA (Philadelphia)
WMATA (Washington)
AMTRAK (Chicago)
CONRAIL (Philadelphia)

Participating by mail were GCRTA (Cleveland) and PAT (Pittsburgh).

Also in attendance were representatives of DOT/Transportation System Center (Boston) and DOT/UMTA (Washington).

The product of this conference has been used to focus the proposed continuation work upon the Transit Authorities' priorities. This work was proposed before this committee last year and an application submitted to the UMTA. Action has not been taken to date on the request for the $7.5M continuation funding.

The section which follows focuses on four of the seven principal activities in need of continuation work which can be accomplished within the framework of the proposed continuation funding.

Work to be Accomplished:

The following list represents work of interest to the Transit Authorities and on which research and development progress has been made, but which also requires further research and development before marketable products can be produced which have the confidence of those who maintain and operate the transit systems for the public:

1. Third Rail Deicing by Radio Frequency (RF) Induction.
2. Elimination of Spurious Electromagnetic Noise Effects on Electronic Controls.
3. Local Ice and Frost Formation Prediction and Sensing.
4. Improved Ice-shedding Materials for Third Rails.
5. Mechanical Ice Scraper System Design Improvements.
6. Track Switch Deicer Systems.
7. Catenary Power Distribution System Winterization.

The complete description of these efforts was provided to the committee at the time of submission to DOT/UMTA, in part, as a special program report to Congress. Space permits discussion of four of them here. In all cases, the proposed solution bring new high-tech application improvements to old technologies.

A) Track Switch Deicer Systems:

This problem continues to be one which plagues transit authorities and railroads. To date the CWTT Program has worked with MBTA and AMTRAK concerning this problem. The insulated rail installation in Boston resulted in a 64% energy saving. Switch heater tests in a cold chamber indicated significant savings using more conventional insulation covered heaters on switches. Comparative performances have borne out these results in field tests conducted on AMTRAK switches in Niles, Michigan.

While these tests have been successful, the operation consists of having the system on in the fall and off in the spring. There is a need to develop weather dependent sensors and controls to implement energy saving techniques and cost effective management. Today's technology can provide these control systems and the transit properties and railroads will accept them if they have been appropriately tested and certified for safe use in the public domain. To accomplish this, accelerated testing will be conducted at the Transportation Test Center at Pueblo, CO and at well chosen sites with specific different winter weather profiles. These include the blizzards of North Dakota, New England ice storms, great lakes-lake effect snows and high country rapid freeze thaw cycles.

B) Third Rail Deicing by Radio Frequency Induction

This project continues to be the most imaginative of new applications development of old technologies. The advantage of this technology is that the energy is induced in the rail surface - right where it can do the most good. A new discovery of our work is that the induced energy is attracted to interface where the ice melts and debonds for easy removal. This is truly a "best of all worlds" application - one of those rare instances where nature works with you.

Laboratory element tests to date have proven ice removal at speeds up to 27 mph. Remaining work includes design and test of the prototype, system cost reduction and size reduction through new modern solid state power supply designs, noise generation test and shielding and implementation of uniform rail-heating design techniques. Again TTC at Pueblo, CO provides the ideal test facility where the prototype can be proof-tested and certified prior to operation on revenue service transit property.

C) Improved Ice Shedding Materials for Third Rail

This area on research and development focuses on an alternative means of decreasing ice and snow adhesion to third rails. Decreased adhesion means easier removal, by simple brushing in some instances. The concept has been demonstrated in the laboratory as a material with a quasi-teflon like quality, since ice does not adhere to teflon. The goal is to develop a material which has wear characteristics like steel, electrical contact and conduction properties similar to third-rail materials currently in use, and iceophobic (ice shedding) characteristics. Tests on a copper webbing provided by Imperial Clevite have shown these characteristics. The continuation work would include stainless steel. Development work at Pueblo would include coating a section of rail with this material to test its mechanical, electrical and iceophobic properties. Following test data verification and developing a technique for coating rails in the field, a section of rail in use by a Northern Transit Property will be prepared for in-service operational tests.

D) Local Ice and Frost Formation

There are two aspects to this problem: the first is the prediction that the conditions are right for ice or frost formation, and the second is the actual sensing of ice and frost formation. Both pieces of information are useful and necessary.

Prediction that favorable conditions for ice or frost formation exist enables the transit operator to prepare for the system interruptions which will occur when formation actually happens. Having sufficient warning to prepare or to take precautionary protective action avoids, in large measure, the service delays and interruptions which result. The system to be designed and placed in service for this part of this task is intended for those locations on a transit or rail system where ice formation has been known to occur most frequently or, on new installations, where it is predicted to be most troublesome.

The system for sensing ice formation is an on-board sensing system which measures the noise generated due to electrical energy transfer from the rail to the vehicle. The character of the noise changes in a measurable and predictable way when frost or ice begins to form. Measurement of this change is readily made and can be used to advise the vehicle operator or central system operator to initiate ice frost countermeasures.

The system concepts for these two systems have been studied and are ready for element testing and adaptation for system tests. Element and prototype testing would be accomplished on LTV's 18 ft Rotating Drum Facility and on a special vehicle at the Transportation Test Center in Pueblo.

Accomplishments to Date:

The CWTT Program accomplishments to date are presented in Appendix A and will not be discussed in more detail here. The work discussed above represents the implementation of the recommendations contained in Report UMTA-IN-06-0009-83-1 from which the Appendix was copied.

Appendix A

Extract from Volume 1 - Executive Summary
Report No. UMTA-IN-06-0009-83-1

4.0 CONCLUSIONS AND PECOMMENDATIONS

The Cold Weather Transit Technology Program has addressed the breadth of operating ice and snow problems faced by the nation's mass transit industry and has made great progress: in finding real solutions which can be implemented immediately perhaps with technology introduction assistance; in developing prototype solutions which have proven successful, but which require further development to generalize the specifications for use by suppliers and to implement; in completing initial development tests of systems for which element tests have been conducted and are ready for prototype development; and in conducting basic research and development on problems which show where technology innovations, improvements or development is both possible and desirable. The progress in each of these is outlined in the following paragraphs.

A. Technology which can be implemented or is ready for Technology Introduction:

A.1. Bus wheel well deicing units demonstrated over three winters at Lansing, Michigan, with the Capital Area Transit Authority.

A.2. Self-ventilating System for traction motors demonstrated over two winters at CTA, Chicago, Illinois.

A.3. Insulated rail technology demonstrated at MBTA, Boston, MA and achieved up to 84% reduction in required electrical energy.

A.4. A solution for rail pull-aparts which has been widely discussed with the transit industry and suppliers.

A.5. Rail switch heaters have been tested in the laboratory and in the field at AMTRAK in Niles, MI. These tests indicate two places to focus attention: the slider plates and the point rail tips.

Recommendation: That these technologies be introduced immediately by providing the transit authorities with the assistance necessary to speed the process.

B. Prototype technology field tested but in need of generalization of specifications and demonstration under operating conditions.

B.1. Rail Switch Heaters are repeated here due to the specification requirement for the slider plates and point rail tips, and the continued testing by AMTRAK.

B.2. The Prototype Hydroblast System tested successfully at MBTA and should be tested on an operating transit system. Further specification refinement and design is necessary for use on covered rails such as at Washington Metropolitan Area Transit Authority or inverted rails such as at the Southeastern Pennsylvania Transit Authority.

B.3. The Sensor developed to measure ice thickness by the Vought Corporation is well documented and ready for adaptation in specific applications for ice detection and detection of other rails in perfections.

B.4. The air filter associated with A.2. would be useful in any design which requires a clean air uptake from an environment where normal air contains too much particulate matter. Bus applications have been proposed but not evaluated.

B.5. New scraper designs are capable of preparation for specific application and adaptation to specific systems.

Recommendations: Switch Heating System (B.1.) continue to be monitored and/or tested. The Prototype Hydroblast System (B.2.) be tested in an operating system and its design be adapted to other rail configurations. Applications for the Sensor (B.3.) and Scrapers (B.5.) be reviewed and the air filter (B.4.) be investigated for application to buses.

C. Initial System Development Testing based on Element test results.

C.1. The radio frequency induction ice melting system has been element tested beyond the original design goal of 15 mph at 25°F to 27 mph at 28°F and 17 mph at 25°F.

C.2. RF Coil configurations have been tested in the laboratory and are ready for scale up for system element test to determine their effectiveness in ensuring uniform heating of the rail surface.

C.3. Data on local weather predictive capability have been obtained in limited form. This system is ready for field test and practical system design.

C.4. During electrical contact studies, a lead based shoe material in use by many companies was determined to have potential application to trolleys and other catenary transit operations. The material potential in these applications requires evaluation.

Recommendation: That work on the elements of these systems be continued and the systems developed. Scale-up test of the RF Coil (C.2.) and field testing of the shoe materials (C.4.) could be done at the DOT Test Center in Pueblo, CO, as could the system tests for the RF ice melting system (C.1.). Access to the Vought Corporation's Rotating Drum is possible as long as the company maintains the facility for further Coil (C.2.) work. The local weather station (C.3.) field tests could be done in cooperation with a Transit Property or at an air field.

D. Completion of Basic research and development to bring innovative concepts to practical technology.

D.1. The RF power supplies are in need of design and development work to reduce both size and cost. Use of modern solid state electronics is expected to accomplish both.

D.2. RF signal interaction with vehicle and wayside electronics should be evaluated to determine the requirements for either prevention or enhancement.

D.3. Iceophobic materials should be developed and tested to determine their applicability to existing systems and the energy saving vs. cost benefits.

D.4. The ice/frost precursor development scheme has shown laboratory predictive characteristics as anticipated and excellent potential for development realization into practical hardware. Its development should be continued. The technique may be extendable to rail flow detection.

D.5. As part of the iceophobic materials development, studies on electrical contact behavior have been necessary. These investigations have characterized the properties of contact behavior and led to suggestions for other useful contact materials for electrical/electronic applications as well as third rail power pickup.

Recommendation: That the necessary research and development on these topics be continued and the materials or systems be developed. The first four items should be developed and/or field tested. Again these could be accomplished readily at the Colorado Test Center. The electrical contact behavior work should continue at Notre Dame in cooperation with the supplier industries.

STATEMENT OF KEITH KAHLE

Mr. Chairman, my testimony today is in regard to our recommendation of a year ago, which you and the Congress approved by your action of October 10, 1984, to continue the development of an All Digital Voice and Data Communications (ADC) System for airborne and shipboard applications by the United States Coast Guard. It is now respectfully requested that the ADC System Research and Development Program be funded as a "line item" in the Fiscal Year 1986 Appropriations for the Coast Guard.

The rationale for the ADC program is engendered by the need for developing and deploying a silent communication link between all air and sea craft; land based units; and maritime and security agency data bases through the Coast Guard's existing radio system.

ElectroCom Automation proposed to this Committee last year the implementation of a Research and Development program to develop and deploy ADC systems which would include the following two phases:

Phase I - ADC Prototype Configuration System Design, Developmental Testing and Performance Verification of a "Pilot" system.
Phase II - ADC System Operational Evaluation by the 7th and 17th Coast Guard Districts (Florida and Alaska)

During Phase I, ElectroCom would develop, design and fabricate "Pilot" ADC systems for installation, testing and evaluation at selected Coast Guard Districts to demonstrate and verify design performance of the ADC in real world environments.

Phase II of the program would be used to design, fabricate and deploy ADC systems based on the Phase I development testing. It was suggested that these ADC deployments be made at the 7th and 17th Coast Guard Districts (Florida and Alaska) on all types of craft for a thorough Coast Guard conducted operations test and evaluation. Test site selection was based on the relative level of activities involving drug interdiction, shore defense and salmon watch, respectively. When deployed, these backbone ADC communication systems will tie sea, land and aircraft together through a secure voice and data link. Except for its ease of use and enhanced data transmission capabilities, the ADC communications system will operate very much like the system today and will still use the Coast Guard's existing equipment. Communications with the public will be the same as before, but with more open channel capacity to eliminate lost emergency calls.

ElectroCom Automation believes the Coast Guard needs ADC to become better than the "Bad Guys". Confiscations following drug busts at sea has shown that smugglers can listen in on ship movements, dispatches and, in general, all radio transmission. Even when the Coast Guard has employed voice scramblers, the effect is that of raising an alert for the smugglers to get away. This situation dictates a need for silent and secure communications that can be achieved by an ADC system.

ElectroCom Automation Inc. has the experience and know-how today to make this program a success. Our work with law enforcement communications systems dates to 1974 and covers thousands of square miles of radio coverage and thousands of data products installed. We are also a Coast Guard contractor by virtue of our involvement in the ongoing program for the Coast Guard at Group Hampton Roads in which the feasibility of putting mobile computer terminals on board smaller craft for the transmission of position and text information over voice radio is being evaluated. It is the continuation and extension of this work that is recommended. As such, we believe it is necessary for Congress to fund the program as a line item directly through the Coast Guard to maintain the continuity and integrity of the ADC technology being developed by our Company.

The Group Hampton Roads program successfully demonstrated the transmission of digital data by radio communication between vessels, and from vessels to land units, utilizing ElectroCom Automation's Mobile Data Terminals. The proposed ADC will combine this technology with todays digital voice transmission and radio digital packet communication technology to achieve the desired data and voice communication link between the Coast Guard's air, land and sea units and to extend this communication to Local, State and Federal law enforcement and maritime agencies.

The actual development of ADC has been started by ElectroCom Automation through an in-house project to design and test an engineering test model of the basic ADC component; the Digital Data/Voice Processor. The cost of this effort, estimated at over $100,000, will be contributed to the program by ElectroCom Automation in keeping with the President's Statement of March 5, 1985 recommending cost sharing projects which included the following words:

> "Now, the second key to success is a revitalized public-private partnership, pooling our resources to harness the power and creativity of the marketplace for the benefit of all Americans.
> No single sector of our nation, government, business, labor or non-profit organization can solve our problems alone. But, by working together, pooling our resources and building our strengths, we can accomplish great things."

The ADC funding requirements given to you in our previous testimony were estimated at $8M for Phase I and $15M for Phase II. We respectfully request that this Subcommittee review and approve our proposal for the development of the ADC system for the United States Coast Guard.

[Clerk's note.—The supplementary material was too lengthy to print and is retained for review in the subcommittee files.]

COLD WEATHER TRANSIT TECHNOLOGY PROGRAM
TRACK SWITCH DEICING SYSTEM
EVALUATION AND DEVELOPMENT

STATEMENT OF WORK

1.0 Introduction and Background

Track switch deicing investigations undertaken by previous Cold Weather Transit Technology Program (CWTTP) work have been centered on developing energy efficient deicer systems which provide equal or better deicing than systems currently used by railways. This effort was conducted in three phases. They were:

1) Railroad and rail transit system survey that determined the nature and extent of track switch cold weather problems.
2) Cold Chamber Laboratory performance evaluation of representative state-of-the-art track switch deicer systems.
3) Operational performance evaluation of a high energy efficient system in a northern railway application.

The results of the system survey indicates that the current track switch deicer systems which use mineral insulated tubular heating elements provide the necessary performance to insure continued switch operations under the most severe cold weather conditions. These systems, however, have high operation and maintenance costs due to the energy intense nature and low reliability of their heating elements. Additionally, it was found that many of these systems were improperly installed and/or operated resulting in high costs and poor performance. The only improvement to this situation was the test installation of a few energy efficient systems which use low energy output heating elements. However, since these systems are new and their effectiveness has not been established sufficiently to warrant their deployment. To accelerate this acceptance process a cold chamber laboratory evaluation of these new systems was implemented.

The cold chamber laboratory evaluation included testing of representative track switch deicing systems currently being developed and marketed in the United States. Included were:

1) A high energy mineral insulated (MI) tubular heater system - rated at 350 watts/foot at 60 VDC
2) A low energy self-regulating type heater system rated at 75 watts/foot at 480 VAC
3) A low energy insulated heater system rated at 75 to 100 watts/foot at 220 VAC
4) An electrically heated hot air blower system rated at 19.5 KW at 480 VAC.

The results of this testing indicate that the MI tubular and hot air heaters provide excellent performance but at a high cost in terms of energy as shown in the following table:

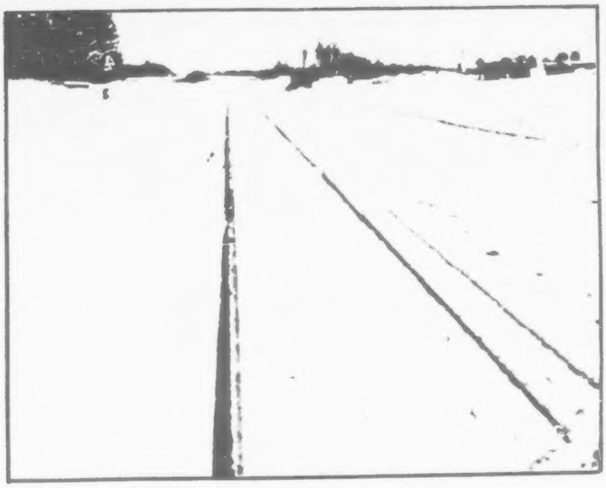
SWITCH HEATER TEST SYSTEMS
COMPARATIVE POWER REQUIREMENTS

TEST SYSTEM	POWER REQUIREMENT (KW)
MI Tubular	14.4
Hot Air Blower	19.4
Self-Regulating Tape	5.8
Low Energy Insulated	6.1

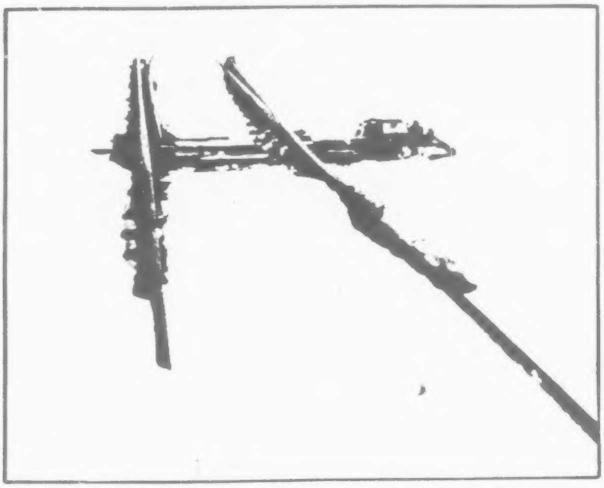
The energy efficient systems provided adequate deicing if turned on at an appropriate time in anticipation of a snowstorm and with modifications that added more heat to the switch point and slide plate areas.

The operational evaluation of two switch heater system installations at a northern test site was undertaken with the cooperation of the National Railroad Passenger Corporation (AmTrak). The test system is located near Niles, Michigan and consists of a mainline switch and a siding switch located within 100 feet of each other.

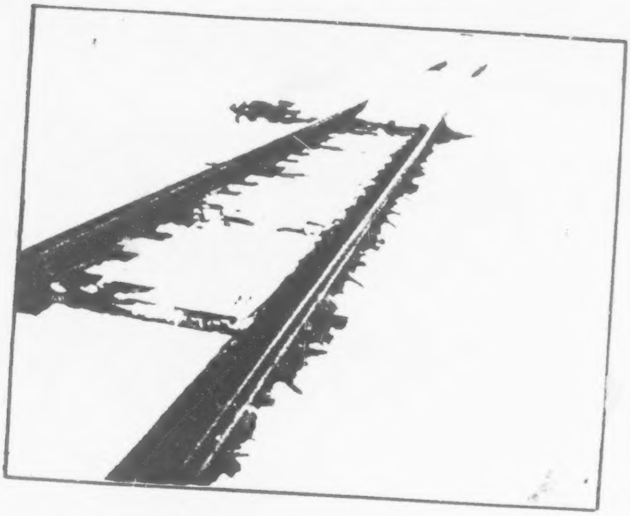
The mainline switch is equipped with a MI tubular heater system, and the siding switch is equipped with a low energy insulated heater system. The evaluation was structured to compare energy consumption, periods of operation, number of switch operations and switch performance during winter operations. The initial comparative evaluation was to have been made during the winter of 1982-1983; however, the installation of the low energy system was not completed in time. The MI tubular heater system became operational in mid-January of 1983 and experienced only limited service owing to the unusually mild weather in early 1983. The low energy insulated heater system installation was completed in October, 1983 and the comparative evaluation was to have been made by AmTrak during the winter period of 1983-84; however, there was insufficient snow to accomplish this. Although the program was essentially stopped at the end of 1984, these deicer systems remained in place and were subjected to very heavy snowfalls and prolonged subfreezing weather during February/March, 1985. Their performance was monitored by AmTrak and Notre Dame. The following set of photographs attest to the severity of the snow and the excellent deicing job accomplished by the energy efficient deicer system.



Railroad siding at Niles, Michigan
test site after one train passage
Snow depth 4-6 inches above rail surface



Energy Efficient Track Switch Deicer
System - test installation at Niles, Michigan



"Standard" Track Switch Deicer System
- test installation at Niles, Michigan

These results demonstrate rather forcefully that there is a great potential for significant improvements in track switch deicing attainable through the incorporation of energy efficient and improved reliability track switch deicer systems. Operational railway track switches number in the thousands; therefore, small economic and reliability improvements would multiply into large total operation and maintenance cost savings. Because of this, continuation and expansion of the railway switch deicing research will be pursued and will include the following areas of investigation:

1) State-of-the-art switch deicer systems - Operational Evaluation of new test installations.
2) Existing switch deicer systems - Develop and test modifications to improve reliability and reduce operating costs.
3) Automated switch deicer systems - Develop automated systems for precise control of heater systems to eliminate inefficient operations.

1.1 Operational Evaluation of State-of-the-Art Deicer System Installations

Comparative evaluation of the performance of state-of-the-art (SOA) track switch deicer systems will be made based on their performance in operational installations. Evaluations will be made of two or more types of switch deicer system installations at each test site. For planning purposes five test sites, located in the following areas, will be used over two winter periods.

1) Upper Midwest - Blizzards
2) Northeast Corridor - Ice storms
3) Mid Atlantic - Rapid freeze/thaw cycle
4) Great Lakes - Lake effect snows
5) DOT Test Track - Controlled environment

The test installations will consist of two or more of the following track switch deicer systems at each test site:

1) MI Tubular System
2) Self-Regulating Tape System
3) Insulated Low Energy System
4) Hot Air System
5) Ambient Air System

1.2 Improvements of Existing Track Switch Deicer System Installations

Many track switch deicer systems are now installed in railroad and transit system applications which are not performing to their full potential. These deicer systems will be identified and improved through a cooperative project with the railroad and transit system authorities involved. It is anticipated that "pairs" of switches would be identified at the same test site for test purposes. One switch deicer system of the "pair" would be improved through the incorporation of one or more modifications. A comparative evaluation of the improved versus the unimproved switch deicer systems would be made by monitoring of their performance during cold weather operations.

1.3 Automated Track Switch Deicer System Development

This task will consist of developing designs for automated control systems that would energize the heating elements of track switch deicer systems based on signals received from various environmental sensors and data inputs. The basic objective is to create an unmanned control system that will energize the deicer system in accordance with a program that will reliably and efficiently maintain switch operations through all expected weather conditions.

1.4 Implementation Details

The track switch deicing systems evaluation and development will be implemented by ElectroCom Automation (ECA) through cooperative projects with interested transit and railroad authorities. Since the three areas of investigation culminate in operational evaluations at the same locations, the cooperative agreements will include two or more of the areas under investigation. The implementation of the overall investigation will be accomplished as follows:

1) Survey railway authorities and track switch deicer equipment suppliers to establish a list of interested cooperative project participants. Potential railway authorities are as follows:

AMTRAK - Headquarters Philadelphia/Washington
CONRAIL - Headquarters Philadelphia
CSS & SB - Michigan City
CTA - Chicago
GCRTD - Cleveland
NFTA - Buffalo
NYCTA - New York

PAT - Pittsburgh
SEPTA - Philadelphia

Potential track switch deicer equipment suppliers are as follows:

MI TUBULAR HEATERS	- HEATREX, INC. - MEADVILLE, PA
HOT AIR BLOWER	- SPECTRUM INFRARED INC. CLEVELAND, OH
SWITCH DEICER SYSTEMS	- THE RAILS CO. CHICAGO, IL
SELF-REGULATING TAPE HEATER	- RAYCHEM CORP. MENLO PARK, CA
INSULATED LOW ENERGY HEADER	- MULTISTRESS, INC. MADISON, CT.
AMBIENT AIR CURTAIN	- TO BE DETERMINED

2) Select project participants and negotiate contracts. For planning purposes, assume the projects in the following implementation plan will be consummated:

Implementation Plan

Project	Authority	Site	Deicer Test Systems
1	AMTRAK	North Dakota	■ MI Tubular ■ Self Regulating Tape ■ Hot Air Blower ○ Automated
2	CONRAIL	Upper New York	■ MI Tubular ■ Insulated Low Energy ■ Ambient Air □ Improved Existing
3	SEPTA	Philadelphia	■ MI Tubular ■ Self Regulating Tape ■ Insulated Low Energy ○ Automated
4	GCRTD	Cleveland	■ MI Tubular ■ Self Regulating Tape ■ Hot Air Blower □ Improved Existing
5	DOT/UMTA	Pueblo Co.	■ MI Tubular ■ Self Regulating ■ Hot Air Blower ■ Ambient Air Blower ■ Insulated Low Energy ○ Automated

Tasks

■ State-of-the-Art Deicer System Evaluation

□ Improved Existing Deicer System Evaluation

○ Automated Deicer System Evaluation

3) Implement the separate parts of each projects as follows:

(1.1) Operational Evaluation of State-of-the-Art Deicer Systems Installation

The following are the tasks required for this effort:

1) ECA will procure the track switch deicer systems mutually agreed upon with the Railway Authorities involved. These systems will be delivered to the test sites. The authorities will be responsible for system specification, installation and checkout with ECA and the equipment suppliers providing technical support.
2) ECA will prepare test plans and data recording logs for each test site.

3) Test instrumentation will be designed, fabricated and installed by ECA with labor support of the authority at each test site.

4) Test parameters will include, but not be limited to, the following:

- Power consumption
- Hours of operation
- Ambient temperature
- Precipitation
- Point rail temperature
- Stock rail temperature
- Site conditions
- Number of switch operations
- Operational problems, if any

5) The Railway Authorities will have the responsibility for evaluation of the test systems and for recording of the data. ECA will monitor the test and make periodic visits to the test sites. One exception to this will be the evaluation project at the Pueblo Test Facility where ECA will be responsible for the complete test effort. See (6) below.

6) ECA will be responsible for the track switch deicer system evaluations at the Pueblo test track. Accelerated testing, i.e., above normal switch operational cycling will be accomplished using man-made snow and ice. An effort will be made to determine the operational limits of each of the test systems.

7) Individual and separate reports will be prepared for each test by ECA and by the authority involved.

8) Disposal of test hardware will be decided upon completion of test evaluation.

(1.2) Improvements of Existing Track Switch Deicer System Installations

ECA will be responsible for design procurement and installation of modifications to improve the operation and efficiency of existing track switch deicer system installations. This will be accomplished as follows:

1) As discussed previously, two test "pairs" of switches would be identified for test purposes

2) One track switch deicer installation of each pair will be improved through the incorporation of one or more of the following:

   o Bring installation in accord with recommendations of AAR Specifications.

   o Add additional heating elements to point rail, slider plates and/or control rod areas.

   o Add thermostatic control.

   o Add thermal insulation.

   o Improve plans and procedures for the operational control of deicer systems.

3) Prepare test plan and data recording logs.

4) Design, procure and install test instrumentation.

5) The comparative evaluation of the improved versus the unimproved switch deicer systems of the test "pair" will be made by the authority involved and will be done in conjunction with the SOA system evaluation.

6) Individual and separate reports will be prepared for each test by ECA and the authority involved.

7) Disposal of test hardware will be decided upon completion of the test evaluations.

(1.3) Automated Track Switch Deicer System Development

Implementation of this project will be initiated with a basic research phase that combines the CWTTP work being accomplished in the areas of ice/frost precursor detection, sensing and measuring of ice; and local ice/frost formation prediction metering with SOA environmental sensors to develop an environmental sensor system. The output of the environmental sensor system (called the "Backyard Weather Forecaster") will be used as input to a "mini-computer" which would activate the deicing elements, alert operational personnel and process environmental and operational data to maintain control of track switch deicer systems. This work will be accomplished as follows:

1) ECA will be responsible for the development of the automated track switch deicer system controller. The controller will combine the ice formation predictive sensors being developed by Notre Dame with conventional environmental sensors to develop the data input section that will be used to actuate track switch deicer systems in response to the predicted environmental changes.
2) Three track switch controllers will be fabricated and tested for use in three automated track switch deicer systems.
3) Three automated track switch deicer systems will be installed and evaluated in conjunction with the SOA track switch deicer system evaluation at three test sites.
4) Individual and separate reports will be prepared by ECA and the authority involved for each automated system tested.
5) Disposal of test hardware will be decided upon completion of the test evaluations.

1.5 Deliverables

Documentation in the form of reports produced in the performance of this program constitute the output of the program. These reports shall include material on test results, design documentation, and cost benefit analyses.

1.5.1 Monthly Progress Reports

Monthly progress reports in the form of a letter to Notre Dame will be prepared which describe all relevant project activities for the preceeding one-month period. The report will define any schedule performance and principal technical problems, project task status and anticipated progress in the next reporting period.

1.5.2 Quarterly Progress Reports

At the end of each three-month period, a detailed, definitive Quarterly Progress Report depicting an accurate status of the program through that quarter will be prepared and submitted to Notre Dame. It will specify:

a) Events that have had a significant impact on the program, either positive or negative, and action taken

b) Analysis of financial status

c) A narrative description of activities and accomplishments

d) Recovery schedules - if required

e) Photographs of completed work

f) Progress charts showing status of major units of work

g) Current estimated date of completion of the project.

1.5.3 Project Final Reports

Comprehensive final reports will be prepared and submitted for content approval to Notre Dame, which fully describe the nature and objectives of the project, the work performed and how it was conducted, the results of the analysis and test programs including comments on any special circumstances or occurrence which occurred during conduct of the work and the effect on the work, if any, and recommendations and conclusions derived from project activities. The report will be prepared in accordance with DOT Orders DOT-1700.18B and DOT-TST-75-97.

Following acceptance review by UMTA, 50 copies of the completed final reports will be delivered to Notre Dame.

1.7 Design Reviews

A design review with Notre Dame and UMTA will be held at the end of the first six months of the program and each six months thereafter.

NATIONAL BOATING FEDERATION

STATEMENT OF EVE FINCH, PRESIDENT

Senator ANDREWS. Our next witness is Eve Finch, president of the National Boating Federation.

Ms. FINCH. I am Eve Finch, the newly elected president of the National Boating Federation.

Appearing with me today is Trevor Clark, our executive committeeman and editor of our publication, the "Lookout."

We are here before you as representatives of the National Boating Federation which is a volunteer nonprofit alliance of 28 boating and boating-related organizations. Our combined membership spans a total of over 2 million organized recreational boatmen. Our membership list has been provided for the record.

We thank you for the opportunity to present our concerns. We have no quarrel with the general basic philosophy of the Reagan administration that in times of severe physical restraints we must reduce Federal budget deficit spending.

However, we do specifically object to that part of the proposed U.S. Coast Guard budget which calls for additional recreational boating user fees—$137 million in fiscal year 1986.

Especially do we object, since Congress just last year set aside total Federal motorboat fuel tax revenues estimated to exceed $100 million per year, in the Wallop-Breaux Trust Fund, to be used exclusively for State boating safety assistance and sportfishing management programs.

If the money in the boating safety account of the Wallop-Breaux Trust Fund were fully appropriated to the States for their boating safety programs, including law enforcement, education, search and rescue, and aids to navigation, most States could then assume primary responsibility for boating safety on Federal as well as State waters within their jurisdiction, thus completely relieving the Coast Guard of this area of responsibility.

The Reagan administration supported passage of the Wallop-Breaux Act as a perfect example of its user-pay philosophy. It is, therefore, completely unreasonable and contrary in concept to then come to these same recreational boatmen for additional user fees to support the Coast Guard when the user fees they are already paying in the form of motorboat fuel tax, which would eliminate the need for Coast Guard services if fully appropriated to the States, are being withheld or indefinitely delayed as part of the budget freeze.

I will at this time present the remainder of my comments for the record and additionally have two resolutions passed by the National Boating Federation in Belview, WA, this past weekend, the extent of which is basically the same as my testimony.

Senator ANDREWS. Thank you very much, Mrs. Finch.

The resolutions will be made a part of the record following your testimony.

The budget proposes a freeze in the State Boating Grant Program.

Is it your assessment that States could come up with their match if Congress appropriated a higher amount?

Ms. FINCH. Yes.

Senator ANDREWS. Thank you very much.

[The statement and resolutions follow:]

STATEMENT OF EVE FINCH

I AM EVE FINCH. I APPEAR BEFORE YOU TODAY AS VICE PRESIDENT OF THE NATIONAL BOATING FEDERATION, A VOLUNTEER, NON-PROFIT ALLIANCE OF TWENTY-EIGHT (28) BOATING AND BOATING RELATED ORGANIZATIONS. OUR COMBINED MEMBERSHIP SPANS A TOTAL OF OVER TWO MILLION (2,000,000) ORGANIZED RECREATIONAL BOATMEN.

WE HAVE NO QUARREL WITH THE GENERAL BASIC PHILOSOPHY OF THE REAGAN ADMINISTRATION THAT IN THESE TIMES OF SEVERE FISCAL RESTRAINT, WE MUST REDUCE FEDERAL BUDGET DEFICIT SPENDING.

HOWEVER, WE DO SPECIFICALLY OBJECT TO THAT PART OF THE PROPOSED UNITED STATES COAST GUARD BUDGET WHICH CALLS FOR ADDITIONAL RECREATIONAL BOATING USER FEES ($137,000,000 IN FY '86). ESPECIALLY DO WE OBJECT, SINCE CONGRESS JUST LAST YEAR SET ASIDE TOTAL FEDERAL MOTORBOAT FUEL TAX REVENUES ESTIMATED TO EXCEED ONE MILLION DOLLARS ($100,000,000) PER YEAR, IN THE WALLOP - BREAUX TRUST FUND, TO BE USED EXCLUSIVELY FOR STATE BOATING SAFETY ASSISTANCE AND SPORTFISHING MANAGEMENT PROGRAMS.

IF THE MONEY IN THE BOATING SAFETY ACCOUNT OF THE WALLOP - BREAUX TRUST FUND WERE FULLY APPROPRIATED TO THE STATES FOR THEIR BOATING SAFETY PROGRAMS, INCLUDING LAW ENFORCEMENT, EDUCATION, SEARCH AND RESCUE, AND AIDS TO NAVIGATION, MOST STATES COULD THEN ASSUME PRIMARY RESPONSIBILITY FOR BOATING SAFETY ON FEDERAL AS WELL AS STATE WATERS WITHIN THEIR JURISDICTION, THUS COMPLETELY RELIEVING THE COAST GUARD OF THIS AREA OF RESPONSIBILITY.

THE REAGAN ADMINISTRATION SUPPORTED PASSAGE OF THE WALLOP - BREAUX ACT AS A PERFECT EXAMPLE OF ITS USER-PAY PHILOSOPHY. IT IS, THEREFORE, COMPLETELY UNREASONABLE AND CONTRARY IN CONCEPT TO THEN COME TO THESE SAME RECREATIONAL BOATMEN FOR ADDITIONAL USER FEES TO SUPPORT THE COAST GUARD WHEN THE USER FEES THEY ARE ALREADY PAYING IN THE FORM OF MOTORBOAT FUEL TAX - WHICH WOULD ELIMINATE THE NEED FOR COAST GUARD SERVICES IF FULLY APPROPRIATED TO THE STATES - ARE BEING WITHHELD OR INDEFINITELY DELAYED AS PART OF THE BUDGET FREEZE.

UNDER THE WALLOP - BREAUX ACT, MOTORBOAT FUEL TAX MONIES NOT APPROPRIATED FOR STATE BOATING SAFETY ASSISTANCE IN ANY GIVEN FISCAL YEAR ARE TRANSFERABLE TO THE SPORT FISH RESTORATION ACCOUNT OF THE TRUST FUND. THEY DO NOT REMAIN AVAILABLE FOR FUTURE BOATING SAFETY APPROPRIATIONS. WE CANNOT BELIEVE THAT THE TRANSPORTATION SUBCOMMITTEE WOULD KNOWINGLY RELINQUISH JURISDICTION OVER SUCH UNAPPROPRIATED FUNDS.

THE AVERAGE BOATMAN, STATISTICALLY, SPEAKING, OWNS JOINTLY WITH HIS BANK OR SAVINGS AND LOAN INSTITUTION, A SMALL TRAILERABLE BOAT OF APPROXIMATELY SIXTEEN FEET (16') IN LENGTH, HAS A FAMILY OF FOUR (4), AND EARNS LESS THAT THIRTHY THOUSAND DOLLARS ($30,000) PER YEAR.

WHY IS OUR CONSTITUENCY, A VERY SMALL PERCENTAGE OF THE POPULATION OF THE UNITED STATES, CONSTANTLY AND CONSISTENTLY SINGLED OUT TO BE TAPPED FOR MORE AND MORE FUNDING FOR THE SAME SERVICES?

ON BEHALF OF THIS CONSTITUENTY, I RESPECTFULLY REQUEST THAT OUR NEEDS AND OUR LIMITS IN SPENDING, AND OUR COLLECTIVE VOICE, BE CAREFULLY CONSIDERED IN YOUR DELIBERATIONS.

The NATIONAL BOATING FEDERATION is comprised of the following International, National, Regional, and State organizations.

AMERICAN WATER SKI ASSOCIATION

CALIFORNIA MARINE PARKS AND HARBORS ASSOCIATION

CHESAPEAKE BAY YACHT CLUBS ASSOCIATION

CHESAPEAKE BAY YACHT RACING ASSOCIATION

FLORIDA COUNCIL OF YACHT CLUBS

GREAT LAKES CRUISING CLUB

INTERCLUB BOATING ASSOCIATION OF WASHINGTON

INTER-LAKE YACHTING ASSOCIATION

INTERNATIONAL ORDER OF THE BLUE GAVEL

LAKE MICHIGAN YACHTING ASSOCIATION, INC.

MASSACHUSETTS BAY YACHT CLUBS ASSOCIATION, INC.

NATIONAL CLUB ASSOCIATION

NORTHWESTERN BOATING COUNCIL

OREGON FEDERATION OF BOATERS

OUTBOARD BOATING CLUB OF AMERICA

PACIFIC COAST YACHTING ASSOCIATION

PENNSYLVANIA BOATING ASSOCIATION

POTOMAC RIVER YACHT CLUBS ASSOCIATION

RECREATIONAL BOATERS OF CALIFORNIA

UNITED STATES POWER SQUADRONS

UNITED STATES YACHT RACING UNION

WISCONSIN BOATING ASSOCIATION

Advisory Members:

AMERICAN BOATING CLUB

AMERICAN SAILING ASSOCIATION

AMERICAN WATERWAY OPERATORS, INC.

ILLINOIS DEPARTMENT OF CONSERVATION
Division of Law Enforcement

NATIONAL MARINE UNDERWRITERS, INC.

RHODE ISLAND BOATING COUNCIL

RESOLUTION against United States Coast Guard User Fees unanimously approved by the NATIONAL BOATING FEDERATION on Saturday, April 27, 1985 at its Annual Meeting held in Bellevue, Washington.

WHEREAS, in H. R. 1936 recently introduced in Congress, the Reagan Administration once again is pressing for recreational boaters to pay user fees for such Coast Guard services as non-life threatening search and rescue, aids to navigation, and patrolling and permitting of races and regattas; and

WHEREAS, at the very same time the Administration is signalling Congress to lock up most of the Federally collected motorboat fuel tax in the Wallop - Breaux Trust Fund on the grounds that spending it for boating safety, public access, and sport fishing enhancement would aggravate the deficit; and

WHEREAS, recreational boaters are confused and outraged because less than a year ago the President and top Administration officials had high praise for the dedication of motorboat fuel tax to boating and sport fishing purposes as a perfect example of the user-pay philosophy; and

WHEREAS, it is double taxation to freeze boaters' existing taxes or user fees and then to claim more user fees are necessary to pay for Coast Guard services which could be largely dispensed with if the Wallop - Breaux Trust Fund was fully allocated to state boating safety programs as Congress conceived it; and

WHEREAS, there is widespread cynicism among recreational boaters that there is a design to cannibalize the Wallop - Breaux Trust Fund and divert most of it to general revenues, which will indeed make boaters vulnerable to new taxes to pay for the government services they need;

NOW, THEREFORE, BE IT RESOLVED, that the NATIONAL BOATING FEDERATION, representing more than two million (2,000,000) recreational baoting families throughout America, meeting in Bellevue, Washington, this 26th day of April, 1985, does hereby strongly protest H. R. 1936 to authorize the Secretary of Transportation to charge recreational boaters for certain Coast Guard services for the reasons that boaters are already paying user fees in the form of hundreds of millions of dollars in motorboat fuel tax dedicated to the Wallop - Breaux Fund, and if these funds were allowed to be spent as intended for state boating safety programs there would be little or no call for Coast Guard services in most parts of the country; and

BE IT FURTHER RESOLVED, that copies of this resolution be forwarded to the Honorable Gerry Studds, Chairman of the House Merchant Marine and Fisheries Committee's Subcommittee on Coast Guard and Nabigation, the Honorable Elizabeth Dole, Secretary of Transportation, and the Honorable Walter B. Jones, Chairman of the House Merchant Marine and Fisheries Committee.

RESOLUTION re Coast Guard user fees unanimously approved by the NATIONAL BOATING FEDERATION on Saturday, April 27, 1985 at its Annual Meeting held in Bellevue, Washington.

WHEREAS, a salient part of the Coast Guard user fee proposal contained in H. R. 1936 is to charge recreational marine equipment manufacturers unspecified fees to recover the Coast Guard's costs of factory inspection and compliance testing for requirements of the manufacturing safety standards under the Federal Boat Safety Act of 1971; and

WHEREAS, the NATIONAL BOATING FEDERATION views this as a hidden tax on recreational boaters because manufacturers will pass through their costs to the consumer; and

WHEREAS, the NATIONAL BOATING FEDERATION does not dispute that manufacturing safety standards for recreational boating is a proper role for the Federal government but does question the cost effectiveness of the Coast Guard's existing factory inspection and compliance testing program in that so few boating accidents are attributable to equipment failure;

NOW, THEREFORE, BE IT RESOLVED that the NATIONAL BOATING FEDERATION, meeting in Bellevue, Washington, this 27th day of April, 1985, does hereby urge Congress to reject authority for the Coast Guard to charge recreational marine equipment manufacturers user fees under H. R. 1936, and alternatively urges the Coast Guard to consult with the boating industry to find ways of cutting back on the costs of the manufacturing safety standards program so that it will not be necessary to tax the manufacturers with inevitable cost pass-through consequences to the recreational boating public; and

BE IT FURTHER RESOLVED, that copies of this resolution be forwarded to the Honorable Elizabeth Dole, Secretary of Transportation; Admiral James S. Gracey, Commandant of the Coast Guard; the Honorable Gerry Studds, Chairman of the House Coast Guard and Navigation Subcommittee; the Honorable Ted Stevens, Chairman of the Senate Merchant Marine Subcommittee; and the National Marine Manufacturers Association.

MICHIGAN DEPARTMENT OF NATURAL RESOURCES

STATEMENT OF KEITH WILSON, CHIEF, WATERS DIVISION

Senator ANDREWS. Our next witness is Mr. Keith Wilson.

Mr. WILSON. I have submitted a prepared statement for the record.

Senator ANDREWS. Your statement will appear in its entirety in the record as though you uttered every word.

Mr. WILSON. I would like to highlight a few of the comments. At the last session Congress enacted the Deficit Resolution Act of 1984. Section 1012 of the act authorized the Secretary of Transportation to spend an amount equal to two-thirds of the funds transferred each year to the boat safety account in making grants to the various States to assist in funding State recreational boating safety programs.

Later in the act marine fuel revenues totaling $30 million are made available for this purpose. The problem is that the Secretary has not availed himself of this authority and has not availed himself of the funding levels authorized by Congress in previous years.

The result has been a serious impairment of the ability of the States to meet their program requirements. Michigan's boating safety program consisted of two principal thrusts, training of youthful operators of recreational watercraft to assure they are qualified and knowledgeable before they take the helm of a boat and the provision of marine patrols throughout the State to assure boating by all operators is done in a safe and orderly fashion.

That the combined programs have been a success is ascertained by a review of boating accident statistics for the past 10 years.

Michigan's summer of 1984 will go in the record books as the safest season in the history of boating and water recreation. Fatalities were reduced by a remarkable percentage. Water fatalities dropped from 115 in 1983 to 110 in 1984. Boating deaths made an even more dramatic plunge from 56 in 1983 to 40 in 1984.

A number of factors contribute to this drop, but it is generally agreed that the primary factor was education. Approximately 25,000 youngsters are given water and boating safety classes annually. This training has been paying off in lower fatality rates for years as youngsters grow and become adults and owners of recreational watercraft.

The success of the program can be measured by looking at the States since 1975. During that 10-year period tests have been lowered by more than 50 percent while water use has doubled. One county which trains 4,000 youngsters annually has lowered its fatalities from a high of 26 in 1958 to a low of 2 in 1983.

Safety education makes a difference and without funds provided by Congress through the provisions of the previous Recreational Boating Fund Act, such successes could never have been realized.

We, therefore, urge the subcommittee to recommend to the Appropriations Committee and to the Congress as a whole adoption of any annual measures necessary to assure the release by the administration of the funds earmarked by the Wallop-Breaux Act for their designated purposes.

Thank you.

Senator ANDREWS. Thank you very much.

[The statements of Mr. Wilson and Mr. Underwood follow:]

STATEMENT OF KEITH WILSON

My name is Keith Wilson and I am Chief of the Waterways Division of the Department of Natural Resources, State of Michigan. I am here today representing the State of Michigan and wish to speak to this Subcommittee about our concern with the failure of the Secretary of Transportation and the Commandant, U.S. Coast Guard, to fully implement the provisions of the Wallop-Breaux Act.

At the last Session, Congress enacted the Deficit Reduction Act of 1984. Subtitle B of that Act dealt with Boating Safety and Sport Fish Restoration as well as with certain excise tax provisions to provide funds for the aforementioned revisions. With respect to Boating Safety, which is the subject of my remarks today, Congress adopted Section 1010 entitled Policy which, in part, reads as follows:

> "It is declared to be the policy of Congress and the purpose of this part to improve recreational boating safety and to foster greater development, use, and enjoyment of all waters of the United States by encouraging and assisting participation by the States, the boating industry, and the boating public in activities related to increasing boating safety;..."

Section 1012 of that Act authorized the Secretary of Transportation to expend an amount equal to two-thirds of the funds transferred each year to the Boat Safety Account in making grants to the various States to assist in funding State recreational boating safety programs. Later in the Act, marine fuel revenues totalling $30 Million are made available specifically for this purpose. Further, Congress authorized the Secretary to make these grants by contracting directly with the States and without the necessity of further review by Congress.

The problem is that the Secretary has not availed herself of this authority and, in fact, has not offered to the States any of the increased funds that have been provided by Congress for this purpose. Even worse, the Secretary has not even availed herself of the funding levels authorized by Congress in previous years for this purpose and the result has been a serious impairment of the ability of the States to meet the policy of Congress which I repeated from the Act earlier in my presentation.

The 1984 Act not only doubled the authorization of expenditures for grants to the States for marine safety purposes, it expanded the definition of marine safety to include development projects which provide for "acquiring, constructing, or repairing public access sites used primarily by recreational boaters". Therefore, the State of Michigan, which has active programs in both boating safety and in the provision of recreational boater public access sites, was prepared to fully avail itself of this expanded program definition and expected to expend the $1.5 Million in Federal funds anticipated from these sources in 1985 exclusively for boating safety purposes and, in 1986, equally for boating safety and public access development.

The action of the Secretary in providing only $13.6 Million to the States seriously impacted our boating safety program because the result to the State of Michigan was an allocation of only $.525 Million. The net result was a shortfall of nearly $1 Million and, since program and State appropriation action was taken predicated on the release by the Secretary of the full amount requested, we are presently faced with a revenue shortfall of some $.9 Million which must either be made up with State funds or will result in the layoffs of personnel at the State and local levels from our various marine safety programs. Such layoffs will seriously impact on our ability at the State level to maintain even a minimum boating safety program and comes at a time when we are realizing the benefits of earlier boating safety training.

Our boating safety program has consisted of two principal thrusts, the training of youthful operators of recreational watercraft to assure they are fully qualified and knowledgeable before they take the helm of watercraft, and the provision of marine patrols throughout the State to assure that boating, by all operators, is done in a safe and orderly fashion. That the combined programs have been a success is easily ascertained by a review of boating accident statistics for the past 10 years.

10 YEAR TOTALS

	75	76	77	78	79	80	81	82	83	84
Reports received	802	706	562	625	520	633	607	542	674	546
Fatal accidents	269	226	215	199	156	168	178	140	164	136
Personal injury	290	219	192	395	136	260	235	206	257	236
Property damage	243	261	155	196	166	201	194	194	232	258
Persons injured	365	278	244	278	246	304	285	239	334	253
Persons killed	295	237	237	211	162	176	185	145	171	141

BREAKDOWN OF FATALITIES

Boater passenger	72	61	66	63	51	60	54	52	56	40
Non boaters	223	176	171	148	111	116	131	93	115	101

Michigan's summer of 1984 will go into the record books as the safest season in the history of boating and water recreation. Fatalities, in both water and boating accidents, were reduced by a remarkable percentage. Water fatalities dropped from 115 in 1983 to 101 in 1984. Boating deaths made an even more dramatic plunge from 56 in 1983 to 40 in 1984. Usually, when a drop such as this is experienced, one can point to a few weekends of bad weather or a dismal economy as reasons for a lessening of recreational boating pressure. In 1984, neither was the case.

A number of factors contributed to this drop, but it is generally agreed that the primary factor was education. Approximately 25,000 youngsters are given water and boating safety classes annually. This training has been paying off in lower fatality rates for years as the youngsters grow to become adults and the owners of recreational watercraft. The success of the program can be measured quite accurately by simply looking at the statistics since 1975. During that 10-year period, deaths have been lowered by more than 50% and water use, measured by the number of registered watercraft, has doubled. One county which trains 4,000 youngsters annually has lowered its fatalities from a high of 26 in 1958 to a low of two in 1983. Safety education does make a difference, and without funds provided by Congress through the provisions of the previous Recreational Boating Fund Act, such successes could never have been realized.

Until this year, boating safety programs were not defined to include the provision of public access to waters for recreational boating purposes. Therefore, there is no past history to report. However, Michigan has had a public access site program since 1938 which concentrated solely on provision of boating access to waters since 1968. Since the latter date, a total of 676 such sites have been directly provided and are administered by the State of Michigan with an additional 130 provided through grants to local units of government.

In 1984, a total of 12,024,353 persons utilized the State sites alone, resulting in 1,193,160 launchings and 4,318,800 vehicles. Costs of development of public access sites on an annual basis, as well as the cost of administering this program at the State level, are given below, along with the costs of our boating safety program:

	1982		1983		1984	
	State	Federal	State	Federal	State	Federal
Boating Safety Program						
a. State Marine Safety	$1,397,500	$ 0	$1,245,000	$166,300	$ 780,800	$627,800
b. Grants to Counties	1,262,141	0	1,169,448	0	1,725,000	0
Public Access Program						
a. Development Costs	1,460,998	0	1,380,261	0	1,422,480	18,500
Totals	$4,120,639	$ 0	$3,794,709	$166,300	$3,928,280	$636,300

The failure of the Administration to release the funds provided by Congress for boating safety purposes has seriously impacted on the scope of Michigan's program. We do not, at the State level, have the funds required to match those provided by local units of government. As a result, the local programs have been reduced and are failing to achieve the levels we believe are essential if we are to continue our present safety record as well as provide the additional boating access desired by our boaters.

As I stated earlier, we anticipate that about $1.5 Million would become available to Michigan if the full $30 Million authorized appropriation level was released by the Secretary. This amount, after the current fiscal year, would be divided approximately equally between boating safety and boating access programs. We estimate that the additional funds would attract at least double that amount in matching State and local funds, even though our expenditure levels already appreciably exceed the required equal matching provisions of the act. The impact the full release of Federal funds would have on our program would thus be dramatic indeed.

As you can see, the efforts of the State of Michigan to provide safe boating and adequate boating access facilities have been considerable. Even with this effort, however, we have been unable to meet the demands of either program, and it is essential that the Federal assistance promised through the enactment of the Wallop-Breaux Act be provided. We therefore urge this Subcommittee to recommend to the Appropriations Committee and to the Congress as a whole, adoption of any and all measures necessary to assure the release by the Administration of the earmarked funds for their designated purposes.

STATEMENT OF RAY L. UNDERWOOD, EXECUTIVE DIRECTOR, MICHIGAN BOATING INDUSTRIES ASSOCIATION

1) In 1984 Congress set aside total Federal motorboat fuel tax revenues estimated to exceed $100 million annually in the Wallop-Breaux fund to be used exclusively for state boating safety assistance and sport-fishing management programs. If the money in the Boating Safety Account of this fund was fully appropriated to the states for their boating safety programs including search and rescue, the Coast Guard would be relieved of their resposibility in these areas and the need for additional "taxes" in the forms of user fees, unjustified.

2) Only boaters and fishermen/women pay for the Wallop-Breaux fund and the Reagan Administration supported passage of this act as an example of its user-pay philosophy; however, the complete allocation of these funds are being witheld as a part of a budget freeze.

3) For fiscal year 1985, the State of Michigan received a $558,485 allocation of the $13.625 million appropriated for state boating assistance. Had there been apprpriations at the full authorized level of funding, Michigan would have received more than $1 million. Now the Administration wants to freeze funding for FY 1986 at the FY 1985 level which would mean a loss of $500,000 or better for boating safety in Michigan.

4) Under the Wallop-Breaux Act, motorboat fuel tax monies not apprpriated for state boating safety assistance in any given fiscal year are transferable to the Sport Fish Restoration Account of the Trust Fund. The $500,000± loss Michigan would incur is irretrievable. Why would the Transportaion Subcommittee relinquish jurisdiction over such unappropraited funds?

5) The average Michigan boater is employed in the blue-collar work force and owns a trailerable boat approximately 16 feet in length. They have a family of four and earn less than $30,000 annually. Hardly a 'fat cat'. It is unfair to withold this boater's tax dollars in the name of deficit reduction and then tax him again for Coast Guard services.

Thank you for the oppurtunity to allow me to speak to you today.

On behalf of Michigan's 684,000 registered boaters and the recreational boating industry, we strongly oppose portions of the proposed Coast Guard budget, and find the request for recreational boater user fees ($136 million in FY '85 and likely more than double that in FY '87) unacceptable.

Last year Congress set aside total Federal motorboat fuel tax revenues estimated to exceed $100 million annually in the Wallop-Breaux fund. This fund is to be used exclusively for state boating safety assistance and sportfishing management programs. Complete allocations of this fund have not been made due to a budget freeze. However, the money is there. Recreational boaters have put it there and if it were to be released, the need for increased funding for the Coast Guard would be non-existent as the monies would fund the vital services needed including, law enforcement, search and rescue and education.

When the Act was passed, the Reagan Administration was in support as it exemplified their user-pay philosophy. For fiscal year 1985, the State of Michigan received $558,485 allocation of the $13.625 million appropriated for state boating assistance. Had there been appropriations at the full authorized level of funding, our state would have received more than $1 million. As a result of the lack of Federal support in this area, or program is presently operating under a $1 million defecit. The boating safety program administered by the state of Michigan is in danger of folding completely! This lack of support is not specific to Michigan. The problem is universal and it is threatening to the health of our industry. Now the Administration wants to freeze funding for fiscal year '86 at fiscal year '85 levels.

Magnifying the problem tenfold is the fact that under the Act, motorboat fuel tax monies not apprpriated for state boating safety assistance in any given fiscal year, are transferrable to the Sport Fish Restoration Account of the Trust Fund and do not remain available for future boating safety appropriations. Why would the Transportaion Subcommittee knowingly relinquish jurisdiction over such unappropriated funds?

Many people are under the assumption that boating is a luxury sport for only the wealthy. This is definately not the case! The average Michigan boater is a blue collar worker, who makes $30,000 annually to support a family of four. He owns a 16 foot boat or less. Far from a luxury yacht. It is unfair to withold this families tax dollars in the name of deficit reduction and then tax them again to provide the same services that their initial funds were to cover.

Again, if the full share of the Wallop-Breaux Fund, for recreational boating safety programs were released, the Coast Guard would not require additional funds and we would not have a problem, nor need to be here today. We are looking forward to your support. Thank you for your time.

RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

STATEMENT OF REAR ADM. ROBERT H. SPIRO, JR., U.S. NAVY [RETIRED], EXECUTIVE DIRECTOR

Senator ANDREWS. Our next witness is Adm. Robert Spiro, Jr., for the Reserve Officers Association of the United States.

Admiral SPIRO. Mr. Chairman, I am Rear Adm. Robert H. Spiro, Jr., of the Reserve Officers Association.

We are concerned in the Reserve Officers Association for all five of the armed services of the United States and for national defense readiness.

By law the Coast Guard is to be maintained as a military service and branch of the Armed Forces of the United States at all times. As in prior years, the administration currently does not seem to appreciate this fact. Particularly in the 1986 budget submission request, there is no increase at all in Coast Guard Reserve strength which is currently only 50 percent of State mobilization requirements.

The proposal is for reduction of 620 active military personnel. This reduction request ignores the first congressional mandated act of 93,150 which was passed last year by the Congress to prevent further erosion of Coast Guard strength.

The fiscal year 1986 submission adjusted for inflation is lower than any Coast Guard budget since 1981. Additional funding for our fifth armed force is obviously needed. However, recognizing the deficit problem, the Reserve Officers Association suggests only that the Coast Guard be funded to operate in 1985 and 1986 at the level of earlier years and that active military personnel strength be supported at the congressionally mandated level.

We recommend a $13 million supplemental required for 1985 and an increase of $32 million over the administration's request for 1986 just to stand firm with the last 3 years.

We strongly request increasing funding for selected reserve strength by 700 up to 13,200, as requested by the Commandant and ignored by DOT and OMB. This requires an increase of reserve training funding of $1.8 million for fiscal year 1986.

DOD Armed Forces are unaffected by applications of the fiscal year 1985 Deficit Reduction Act. DOT, however, has applied travel restrictions on this Armed Forces emanating from this act indiscriminately throughout the DOD agencies, including Coast Guard.

Congress must direct immediate relief of the Coast Guard from such travel ceilings at least in areas of operations readiness and training travel. The 1985 travel is restricted to 82 percent of 1984 actual. This is causing a serious adverse impact on training and military readiness throughout all of the Coast Guard.

For example, a 25-percent increase is planned in 1985 reserve travel because of the 500 increased strength as well as the increased exercise requirement imposed by the Navy-Coast Guard defense zone initiative. Accordingly, the Coast Guard can only perform a part of its training duty.

In conclusion, Mr. Chairman, the Reserve Officers Association feels strongly and solicits strongly your support for the maintenance of a Coast Guard fully manned, fully trained, and equipped to meet peacetime and wartime requirements with a request that Congress require the Coast Guard Commandant to testify annually before the Armed Services Committee as to whether or not the Coast Guard meets these exacting and important defense standards.

Senator ANDREWS. Thank you very much, Admiral.

[The statement follows:]

STATEMENT OF REAR ADM. ROBERT H. SPIRO, JR.

The Coast Guard's capability to carry out wartime taskings is a matter of well known serious concern. These shortcomings have been set forth time and again in magazine and newspaper articles, in GAO reports, and in Congressional oversight reports. None of these independent evaluations appear to make any significant impact on the Administration.

Although funding for the Coast Guard was increased by more than twenty percent from 1981 to 1982, further increases have not occurred. If adjusted for inflation, the President's proposed 1986 budget for the Coast Guard would be lower than any Coast Guard appropriation since 1981, nine percent lower than the budget approved in 1982, and three percent lower than the budget approved for FY 1985. (See attachment #1)

Although the Coast Guard Reserve strength is only 12,500 (fifty percent of the newly validated requirement of 25,000), no increase was requested for FY 1986. An active force reduction of 620 military and 213 civilian personnel was requested. This reduction was proposed in the face of the FY 1985 and 1986 Authorization Act which, for the first time in history, mandated an active duty end strength floor of not less than 39,150 for fiscal years 1985 and 1986. Both House and Senate Reports pointedly noted that such a provision was necessary to "...halt the decline which has occurred in the military strength of the Coast Guard. The Committees believe that such a reduction would have a harmful long-term effect on the ability of the Coast Guard to meet national needs in areas where military personnel are clearly appropriate, including military readiness, maritime law enforcement, and search and rescue."

Despite this provision, the Coast Guard does not have enough money in 1985 -- and insufficient funds have been requested for 1986 -- to meet the statutory floor on military personnel strength.

The Administration is requesting legislation for the 1986 fiscal year that would limit expenditures for compensation and benefits for military personnel to $773,800,000. This would provide funding for only 38,220 military personnel - 930 below the level required by the statutory floor. The Administration has asked for a specific ceiling on military compensation, and the purpose, presumably, is to supersede the legal requirements of P.L. 98-557.

It should be noted that in mandating this military personnel floor, Congress did not direct any increase, even though it was stated often during hearings that a significant increase would be in the public interest. The comparable figure for military strength in 1984 was 39,227; the figure in 1981 was 39,381. Additionally, while requesting a reduction of military personnel strength for our fifth Armed Force, the Administration was requesting an increase of 26,000 active duty military personnel in the other Armed Services! Given the known wartime requirements for the Coast Guard, along with its ever-increasing peacetime requirements, the only explanation for such an unacceptable aberration is that the Administration is still perceiving the Coast Guard as a civilian regulatory agency to be eliminated, rather than as a military force which plays a significant role in our national security.

There is, quite obviously, a direct connection between the number of Coast Guard military positions and the amount of work the Coast Guard will be able to perform. The Administration's 1986 budget calls for a reduction of 70 positions in commercial vessel safety, a cut of 150 in positions assigned to search and rescue stations around the Great Lakes, a cut of 250 in administrative positions, and a reduction of 130 in positions for training. There exists no substantive justification, whatever, for the vast majority of these cuts. The reductions in personnel will also prevent compliance with other provisions of the Coast Guard Authorization Act of 1984, including requirements to operate at least 27 long range search and surveillance aircraft and a minimum of 30 Atlantic and Gulf Coast major cutters.

Section 12 of the Authorization Act requires the Coast Guard to procure, maintain, and operate a fleet of not less than 27 long-range search and surveillance aircraft. The total of such aircraft (C-130's) at the end of fiscal 1984 was 25. The Administration rejected the Coast Guard's request for funds in the 1986 budget to bring the Coast Guard up to the mandated level of 27.

Section 20 of the Authorization Act requires that there shall be available at all times on the Atlantic and Gulf Coasts of the United States not less than, in the aggregate, 30 high and medium endurance cutters. It appears that sufficient funds will be available to meet this requirement through the end of 1985, but that the number of major east and Gulf coast cutters will decline to 28 in 198.

The FY 1986 budget contains no funds for any significant increase in Coast Guard operations in any geographic or mission area. The Acquisition, Construction and Improvement (AC&I) budget proposes a funding level of $303 million, down from $346 million in 1985, and $684 million in 1984. The vast majority of the requested funds are for the continuation of existing procurements such as the renovation of the Coast Guard's fleet of high endurance cutters ($72 million); major maintenance availability for the fleet of 210' medium endurance cutters ($26 million); and the purchase of new short range helicopters ($31 million). No funds are requested for the purchase of any equipment that would expand the scope or overall operational capability of the Coast Guard beyond the levels of years past.

In conjunction with these facts, it should be noted that the 1981 House "Semi-Paratus" Report (H.R. 97-355) found that "a serious imbalance now exists between the scope of Coast Guard responsibilities and the resources available to the service. This imbalance is causing a steady deterioration in the ability of the Coast Guard to carry out its missions effectively." The oversight report recommended that the Coast Guard should give its highest priority to at-sea operational missions, including search and rescue, law enforcement, and military readiness. To this end, funds should be authorized and appropriated to permit improved operational effectiveness in at least these three areas, and to provide the required personnel, training, equipment, and maintenance. This Congressional report has obviously been ignored by the Administration!

In addition to those responsibilities noted in the 1981 Report, the Coast Guard is receiving new taskings, some of which will require out of CONUS training (vis., port security in certain overseas ports). Also, an agreement recently signed by the Secretaries of Navy and Transportation directed the implementation of the Maritime Defense Zone (MDZ) initiative in which the Coast Guard Atlantic and Pacific Area Commanders were assigned responsibility for Port Security, Harbor, and Coastal Defense of the United States. These MDZ Area Commanders report directly to the Commanders-in-Chief of the Navy's Pacific and Atlantic fleets. This policy has created substantial additional military demands upon the Coast Guard. However, these added military requirements (personnel, aircraft, vessels and equipment) have not yet been addressed nor have funds been requested by the Department of Transportation.

The Coast Guard Area and District Commanders are properly assigned MDZ area and sector responsibilities since they have the Command, Control, and Communications (C3) organizations already in place. However, the Coast Guard must provide some "assets," such as ships, equipment, weapons, and personnel to properly execute these added national security responsibilities assigned by the Navy. The Navy cannot, nor should it be expected to provide assets required of the Coast Guard.

ROA fully realizes the demands that exist on the federal budget and, for this reason, our request is very modest. Accordingly, while increases are obviously needed, we ask only that the Coast Guard, in general, be permitted to operate in 1985 and 1986 at the level it has been able to maintain in earlier years. (We do recommend a minimal increase in the Coast Guard Reserve, which will be addressed later). We request that you appropriate sufficient funds to permit the Coast Guard to meet the statutory requirement of 39,150 active duty military personnel throughout the remainder of 1985 and 1986. To achieve these levels, a $13,000,000 supplemental appropriation for 1985 will be required, and a $32,000,000 increase over the Administration's budget would be needed in 1986.

This committee is responsible for the funding of the Coast Guard Reserve, even though authorization responsibility rests with the Armed Services Committee as part of the DOD authorization. In the on-going problems surrounding the Coast Guard, generally very little is mentioned about the Reserve. The 1982 GAO Report did, however, comment at length about apparent deficiencies in Coast Guard Reserve logistical support and training. As ROA has noted numerous times, port security is a most vital mission and, according to most national security authorities, is one which is the primary mobilization responsibility of the Coast Guard Reserve.

As noted earlier, the requested Coast Guard Reserve level of 12,500 represents only 50 percent of its stated wartime requirement of 25,000. In comparison, the other Armed Services Reserve Components are authorized and funded to strengths approaching an average 90 percent of mobilization requirements and are still increasing.

The total strength of the active Coast Guard, the Coast Guard Selected Reserve and the IRR still results in a deficit of approximately 14,000 people short of the recently validated mobilization requirement for the Coast Guard. Accordingly, ROA cannot concur with a budget submission which requests no growth in Coast Guard Selected Reserve strength.

ROA strongly recommends that, as a minimum, the Coast Guard Selected Reserve strength be increased in annual increments to 75 percent of current stated requirements -- 18,750. ROA further recommends that the FY 1986 Coast Guard Selected Reserve strength be increased from 12,500 to an average strength of 13,200 -- the strength level requested by the Commandant, but ignored by DOT and OMB.

ROA is greatly disturbed by other trends which are occurring in the Administration/Coast Guard relationship. For example, Coast Guard Buoy Tenders are assigned to the Navy upon mobilization. Their presence is critical, not only in ensuring proper markings in the event a harbor undergoes damage, but also in providing essential aids to navigation in undeveloped overseas ports which may be needed in the mobilization effort. Their presence is vital to ensure movement of war materials, troops and quite possibly, the Rapid Deployment Force, out of the harbors. Nevetheless, the Administration approach is to construct single mission, limited usage ships and to contract out more and more of the aids to navigation responsibility. (339 of the proposed personnel reductions in the FY 1986 budget are dedicated primarily to the aids to navigation mission.) Such an approach will eventually phase out all Coast Guard Buoy Tenders and the Navy will receive no aids to navigation support from the Coast Guard on M-Day. This, again, is an example of Administration efforts to civilianize and contract out various Coast Guard functions with little, or no, thought given to national security implications.

ROA has recommended to numerous Administration officials that National Security be a paramount item of consideration when the Coast Guard budget is being evaluated. Further, we have recommended that the Defense Department, the Joint Chiefs of Staff, and the National Security Council be required to comment specifically on the national security implications of any proposed reduction, modification or "contracting-out" of any role, mission, or function of the Coast Guard, including proposed reductions of personnel strength. To the best of our knowledge, none of these recommendations have been taken seriously.

The Coast Guard certainly has the support of the American people. They obviously don't have the full support of the Administration. As in past years, they need yours. ROA would also ask that the members of this subcommittee initiate efforts to ensure that the Commandant of the Coast Guard testifies annually before the full House Armed Services Committee concerning the capability of the Coast Guard to fully carry out its national security role as part of the Seapower Team. (Attachment #2 is our recently passed ROA Resolution on this subject)

ROA is also greatly concerned about the adverse impacts of the Deficit Reduction Act on the Coast Guard. Section 2901 of the Spending Reduction Act of 1984, a division of the Deficit Reduction Act of 1984 (P.L. 98-369), expressed the sense of Congress to effect some $750 million in executive branch savings by management improvements in "the travel and transportation of personnel and transportation of things for personnel." Application of this act has been considered inappropriate by several agencies, especially by the Department of Defense, but not by the Department of Transportation.

The effect of DOT compliance has been to significantly reduce FY 1985 travel for all Coast Guardsmen. This is certain to have a seriously adverse impact on the training, exercising and overall readiness of the Coast Guard in carrying out specialized and essential missions as one of the Armed Forces of the United States.

DOT's indiscriminate application of these travel reductions is causing significant damage and readiness reduction throughout the entire Coast Guard. However, I would like to specifically describe the adverse impacts on the Coast Guard Reserve. The requirement that the Coast Guard reduce FY 1985 travel expenditures to about 82% of FY 1984 travel would, by itself, be significant. But, because of Selected Reserve growth to 12,500 and increased emphasis on readiness exercises, the Coast Guard Reserve had planned to increase FY 1985 travel expenses by about 25% over FY 1984 actual expenses. The net effect then, from a planned FY 1985 travel fund of 25% over FY 1984 to one 18% under FY 1984, is a cumulative "reduction" of up to 43% in planned FY 1985 travel money.

Several formal training schools have been cancelled and Reservists formerly assigned to those schools will now perform OJT, a very poor substitute, at a local site. Annual Training away from home, where no quarters or messing are available, will be severely curtailed to reduce payment of per diem (which counts against the travel account). Reservists who would have gone to locations requiring per diem will also perform local OJT. Some Selected Reservists may have their annual training cancelled entirely.

Using secondary training sites in lieu of the preferred sites will be disruptive. However, the alternative of providing only a few people full training and providing no training to the remainder is not acceptable. A second alternative of permitting some Selected Reservists to waive per diem and perform Annual Training at the scheduled site was considered and rejected. To require the waiving of an entitlement as a "condition of employment" sends the wrong message!

ROA strongly recommends that the Congress correct such indiscriminate application of Section 2901 by passing an appropriate amendment to exempt the Coast Guard and the Coast Guard Reserve from its provisions, at least as they pertain to training and operational-readiness travel and transportation. (Attachment #3 is a recently passed ROA Resolution addressing this issue.)

SUMMARY

The military readiness of the Coast Guard and its Reserve must be increased -- neither permitted to diminish nor to remain at a level below that required. Both are absolutely essential to the successful implementation of the concept of rapid deployment and strategic mobility. The Coast Guard is part of the Naval community with specialized knowledge and skills. Upon mobilization, the Navy will ask more of the Coast Guard than current capabilities can probably provide. The necessary contributions to the Maritime Defense Zone Initiative and its recent support in Grenada are examples as to why the Coast Guard must stay ready and better prepared in a volatile world. As a multi-mission force, one never knows what demands are going to be put on the Coast Guard from one day to the next. The Department of Defense and the National Security Council have recognized the contribution of the Coast Guard to national defense. We must, as a nation, do likewise by authorizing and funding the necessary increased strength levels and modernized capital assets.

The Administration appears unwilling to ask the Congress for those increases necessary to meet military readiness requirements. ROA solicits your support in joining with other members of Congress in the maintenance of a Coast Guard which is fully manned, trained, and equipped to meet both its peacetime and wartime missions. It is imperative that the Coast Guard and Coast Guard Reserve be fully prepared to meet their statutory military duties as prescribed in 14 USC 1, which provides for the Coast Guard to be "...a military service and branch of the Armed Forces of the United States at all times."

Mr. Chairman, that concludes my presentation. I will be pleased to respond to any questions you or other committee members may have.

[ATTACHMENT 1]

[illegible]

Adjusted [illegible]

[illegible] PRICE DEFLATOR......	1.000	1.031	1.102	[illegible]	[illegible]	1.401	1.571	1.708	1.946	2.223	2.388	2.479	2.557	2.652	[illegible]
APPROPRIATION	FY1972	FY1973	FY1974	FY1975	FY1976	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985	FY1986
OPERATING EXPENSES...........	503.286	532.110	534.737	544.772	568.315	598.418	588.183	578.214	573.193	601.533	620.896	646.354	661.143	654.439	643,823
ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS............	97.682	127.595	68.512	89,419	127.868	168.451	162.954	167.809	146.974	150.241	286.432	161.355	261.635	130.468	109.486
ALTERATION OF BRIDGES........	9,750	9,214	3,630	5.414	5.704	7,780	9,612	8.724	2.931	7,130	4,606	5.123	3.363	5.128	1,879
RETIRED PAY..................	70,800	74,480	78,721	86.634	95.189	100.143	100,192	103.922	[illegible]	109.762	110.572	123.175	123,269	124.736	123,013
RESERVE TRAINING.............	28,005	30,199	24,639	23.355	24.711	25.517	24.545	[illegible]	[illegible]	22,260	21.559	21,783	21,648	22,572	22,219
RESEARCH, DEVELOPMENT, TEST, AND EVALUATION..............	14.500	16.974	12,704	13.934	14,319	13,419	12.731	11,710	11.305	11.246	7.533	8,068	8,799	8.622	8.309
STATE BOATING SAFETY.........	3,000	4.365	3.176	4,777	4,457	4.133	3.686	2,927	0	0	0	0	0	0	0
BOAT SAFETY ACCOUNT...........	0	0	0	0	0	0	0	0	0	0	0	3.025	4,889	5,138	4,922
POLLUTION FUND...............	312	616	2,140	1,512	9,975	15,623	4,547	8.551	18.486	9.942	3,460	2,324	1.874	2,640	2.529
OFFSHORE OIL POLLUTION COMPENSATION FUND...........	0	0	0	0	0	0	0	0	550	259	838	403	0	377	361
DEEPWATER PORT...............	0	0	0	0	0	0	0	0	0	2,249	838	403	391	377	361
SUPPLY FUND..................	0	0	0	0	1,540	0	0	0	0	675	553	0	0	0	0
GENERAL GIFT FUND............	20	22	10	4	7	5	11	15	11	36	4	20	7	30	[illegible]
TOTAL	727.355	795.575	728,319	770,321	851.385	933.489	906.461	905.743	882,793	915.333	1,057.696	973.133	1,087,018	954.527	916.931

[ATTACHMENT 2]

Resolution No. 85-5
(Coast Guard/National Security)

RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

National Security Implications of the Coast Guard Budget

WHEREAS, the United States Coast Guard is, by statutory mandate, a military service and a branch of the Armed Forces at all times; and

WHEREAS, the United States Navy, through its wartime tasking of the Coast Guard, has indicated its strong reliance on an operational Coast Guard with considerable seagoing skill and maritime defense zone capability to meet the Navy's national security requirements; and

WHEREAS, the current funding level of the Coast Guard is so low as to jeopardize critical operational seagoing skills such as ice breaking and aids to navigation; and

WHEREAS, the Coast Guard budget has not kept pace with the budgets of the of the other Armed Forces during recent increases in defense spending; and

WHEREAS, officials of the Department of Defense and the United States Navy are not normally afforded the opportunity to participate or advise on the development of the Coast Guard budget;

NOW, THEREFORE, BE IT RESOLVED that the Reserve Officers Association of the United States urges the Congress to invite officials in the offices of the Secretary of Defense and the Secretary of the Navy to testify on the national security implications of the Coast Guard budget when it moves through the budget review cycle, and comes up for Congressional approval; and

BE IT FURTHER RESOLVED that the Reserve Officers Association of the United States urges the chairmen of the House and Senate Armed Services Committees to annually invite the Commandant of the Coast Guard to testify on the adequacy of the Coast Guard budget for military preparedness.

Adopted by the National Council
20 February 1985

Attest: Robert H. Spiro, Jr.
Robert H. Spiro, Jr.
Rear Admiral, USNR (Ret.)
National Executive Director

[ATTACHMENT 3]

Resolutions No. 85-4
(Coast Guard)

RESERVE OFFICERS ASSOCIATION OF THE UNITED STATES

Coast Guard Travel Training Funds

WHEREAS, the Deficit Reduction Act of 1984 (Public Law 98-369) mandates a ceiling on government travel based on fiscal year 1984 levels; and

WHEREAS, this ceiling represents a reduction from the FY85 planned and budgeted travel amount for the management and training of Coast Guard Reservists, thereby causing a serious, drastic degradation in the training and readiness of up to 50 percent of Coast Guard Reservists and a cancellation of critical training schools; and

WHEREAS, these ceilings will have an adverse impact on the overall readiness of the Coast Guard as one of the Armed Forces of the United States:

NOW, THEREFORE, BE IT RESOLVED that the Reserve Officers Association of the United States urges the Secretary of Transportation to adopt a more realistic and a broader interpretation for the allocation of travel fund ceilings exempting the Coast Guard and the Coast Guard Reserve travel necessary for training; and

BE IT FURTHER RESOLVED that the Reserve Officers Association of the United States urges the Congress of the United States to pass emergency legislation exempting the Coast Guard Reserve from these reductions.

Adopted by the National Council
20 February 1985

Attest: Robert H. Spiro, Jr.

Robert H. Spiro, Jr.
Rear Admiral, USNR (Ret.)
National Executive Director

NON COMMISSIONED OFFICERS ASSOCIATION OF AMERICA

STATEMENT OF SGT. MAJ. C.A. [MACK] McKINNEY, U.S. MARINE CORPS [RETIRED], VICE PRESIDENT FOR GOVERNMENT AFFAIRS

Senator ANDREWS. Our next witness is Sgt. Maj. Mack McKinney, speaking for the Non Commissioned Officers Association of the United States of America.

Let me assure you that your statement will be included in its entirety in the record.

Sergeant Major McKINNEY. Mr. Chairman, the Non Commissioned Officers Association gratefully acknowledges the invitation to have its representative appear today before this distinguished panel.

I am retired Marine Sgt. Maj., C.A. (Mack) McKinney, NCO, the vice president of government affairs. I am speaking for a membership in excess of 175,000 soldiers, sailors, marines, airmen, and coast guardsmen of which 83 percent are career enlisted noncommissioned and petty officers serving on active duty for the U.S. Armed Forces.

Mr. Chairman, I have outlined a summary of the association's request on page 1 of my prepared statement. Each of the six items is justified even during this period when all of us are acutely aware of the anticipated deficit in the 1986 budget.

In a representative appearance before the Senate Appropriations Subcommittee on Defense a colleague offered these same items to the panel for its consideration. He was rebuffed because he was asked why the association did not offer proposals to cut the budget instead of increasing it.

The answer is readily available. It was NCOA that initially warned Congress as early as 1975 when inflation was the theme instead of deficit that military recruiting and retention was suffering, that if Congress did not act to rectify the situation, there would be a mass exodus of talented, experienced, and skilled middle level NCO's, petty officers, and officers.

Only a few in Congress listened, but eventually it was too late. Today NCOA again warns Congress that the Armed Forces will experience another loss of talented manpower if it does not address the issue.

We the taxpayers have spent billions of dollars to recruit, train, and try to retain uniformed personnel. It is rather absurd not to put a few more dollars in the pot to keep those people we need to maintain the current high state of readiness.

Here we are considering the fiscal year 1986 request for the U.S. Coast Guard. It proposes a reduction in the number of coast guardsmen, but does nothing to reduce its peacetime missions. It does even less to its scenario to retain experienced petty officers and commissioned officers necessary to fulfill those missions.

Can we ask our coast guardsmen to cooperate to work longer hours to make up for the loss of personnel and additionally ask them to forgo a rather small pay hike of 3 percent?

Can we ask them to continue to serve in these high-cost areas?

Mr. Chairman, I ask that you consider these and I stand prepared to answer any questions.

Senator ANDREWS. Thanks very much, sergeant major. We appreciate your statement.

Sergeant Major MCKINNEY. Thank you.

[The statement follows:]

STATEMENT OF C.A. (MACK) MCKINNEY

SUMMARY OF REQUEST

1. Increased strength for uniformed personnel

2. Funding of three (3) percent increase in basic pay for uniformed personnel effective Jan. 1, 1986.

3. Additional funding for housing of uniformed personnel

4. Expanded health coverage for certain uniformed personnel

5. Improvement in moving costs for uniformed personnel

6. Support no change in current retirement system for uniformed personnel

MR. CHAIRMAN and other distinguished members of this panel: I am C. A. (Mack) McKinney, Vice President for Government Affairs, Non Commissioned Officers Association of the USA (NCOA), and a retired Marine Corps Sergeant Major. NCOA is the largest association of enlisted personnel serving or having served in the armed forces of the United States. Eighty-three percent of the association's membership is serving on active duty with the Army, Navy, Marine Corps, Air Force and Coast Guard.

My respect and admiration for the United States Coast Guard goes back to the days of World War II. It was Coast Guard petty officers who manned the helms of the landing boats that took my Marine unit from ships to shores. While we huddled in the bowels of the craft, the Coast Guard helmsman stood upright in the rear piloting the boat through pounding surf, exploding munitions and flying bullets. They were a brave group.

I see much of that same pride, devotion, loyalty, and courage in today's Coast Guardsmen. Their multi-duty assignments demand a greater day-by-day discipline of mind and body than we seek from most of our other men and women in uniform. Then too, we have more of them working and living in civilian surroundings with less supervision than most members of the other uniformed services.

It is within this esteem for our comrades-in-arms that NCOA believes it must do all within its power to advocate the protection of entitlements promised Coast Guard personnel and dedicate its resources to improving their quality-of-life programs. Through this medium will we be able to ensure the continued existence of the Coast Guard and the quality and experience required of its career enlisted force.

The Association believes it unnecessary to extol the virtues of today's Coast Guard before this distinguished panel. Coast Guard personnel have proven time-after-time they are ready, willing and able to meet the challenges of the missions assigned their service. Further, they are accomplishing those missions in spite of many financial limitations upon their resources and people programs.

A GOOD INVESTMENT

NCOA, however, is concerned that the current quest for tighter fiscal responsibility may cause many in Congress to believe there is room for further constraint of Coast Guard activities, particularly in personnel numbers and the programs directly affecting the recruitment and retention of quality men and women. Too much of the taxpayers' money has been invested in our Coast Guardsmen to impair the quality and experience gained over the past five years. To cut back on personnel strength, seek reductions in compensation and slash away at quality-of-life improvements and cut training is not cost effective no matter how many dollars can be subtracted from the anticipated deficit. It would be alike to prescribing cheap maintenance and inferior fuel, oil and spare parts for a $100,000 Rolls Royce.

What is baffling to NCOA is the Administration's hard-line advocacy of a stronger defense posture for the four armed services while apparently ignoring the undeniable fact that the Coast Guard is a defense-related agency. The President's defense budget requests increases of more than 26,000 in active duty personnel, 47,000 in reserve and guard personnel and 19,000 civilian workers, yet there appears to be no increase to either the Coast Guard's active or reserve uniformed personnel or civilian strengths.

The Coast Guard is defending the United States as forcefully and as diligently as any of the armed services. Its mission to defend our shores from the introduction of tons and tons of illegal drugs is in itself doing more to protect the internal security of the United States than is being accomplished by the Army, Navy, Marine Corps or Air Force.

PERSONNEL

Last year the Coast Guard's authorized strength was significantly reduced. From what NCOA can determine, the Department of Transportation (DOT) and Office of Management and Budget (OMB) forced the numbers down in spite of the Coast Guard's request for a higher figure. This, in turn, has forced the Commandant of the Coast Guard to contract-out certain tasks previously performed by uniformed personnel. NCOA believes, this to be contrary to the wishes of Congress which directed the Commandant, not DOT or OMB, to determine where and when it was feasible to contract for services that could not be done by Coast Guardsmen.

NCOA worries over this "civilianization" of Coast Guard tasks. The Administration's search for a strong defense posture appears not to be the scenario for the Coast Guard. The Administration, the Congress and the there is an extraordinary value in retaining the Coast Guard as both a peacetime and wartime entity. Congress must take the lead in ensuring that those tasks peculiar to uniformed personnel during peace and war are not contracted out to civilian workers. If war should erupt, the Coast Guard must be able to live up to its motto, "Semper Paratus." It cannot do so if it has not the qualified and experienced uniformed personnel to accomplish the mission.

HOUSING

The unique missions of the Coast Guard demand the assignment of many of its uniformed personnel to areas where there is no Coast Guard, Public Health or armed services facility within a reasonable commuting distance. This simply means that far too many Coast Guardsmen must live on the civilian economy without the normal benefits available to servicemembers stationed on or near federal installations. There is no government housing, no commissary or exchange stores, and no recreational and medical facilities.

Currently, many Coast Guardsmen are in receipt of Basic Allowances for Quarter (BAQ) and a Variable Housing Allowance (VHA) that is supposedly fixed at a rate of 85 percent of local housing rental costs based on the Coast Guardsman's pay grade. Now there are those who believe this is a fair remuneration but NCOA charges it is not. The only equitable method is to pay the full fair rental costs incurred by Coast Guardsmen who are assigned to these locations at the convenience of the federal government, or provide leased housing where the cost of renting does not exceed the individual's housing allowance.

It's not that he or she has a choice because there isn't one. That Coast Guardsman must go where ordered. Failure to do so constitutes a violation of the Uniformed Code of Military Justice (UCMJ). In simple terms, he or she can go to jail for not following his or her orders regardless of whether the individual can afford the move or live on the local economy. It's bad enough the federal government will not reimburse in full the costs of moving its uniformed personnel, but worse yet when it fails to provide housing for them at the full costs of the fair rental market value.

COMPENSATION

On the compensation scene, NCOA continues to be troubled that our uniformed personnel are first, last and always to bear the brunt of fiscal restraint under any and all quises. In the 1970s it was soaring inflation; in the '80s it's soaring deficits. Other than an attempt to "catch up" in 1980 and 1981, uniformed personnel have had to suffer six pay caps in the last ten years.

How long this can go on without a serious effect on morale and discipline isn't too far off into the future. It was NCOA that first warned Congress some 10 years ago that certain indicators pointed to a pressing problem of future retention of career uniformed personnel. Those same indicators that caused an exodus of career personnel in the late 1970s are appearing again as the civilian economy takes an upswing in employment possibilities. Career reenlistments rates are slowly falling in all the armed forces. Sustaining a high rate of career reenlistments assures the people of this Nation that our forces are adequately manned by highly qualified and experienced uniformed personnel.

True, the Administration has recommended a three percent pay hike in July 1985 followed by a freeze through Fiscal Year 1986. However, can our uniformed personnel expect such a raise when federal employees are being asked to shoulder a five percent reduction in salaries? Realistically, NCOA believes not. Congress probably will suggest that one group should not have a pay hike without the other receiving a like increase.

Under normal circumstances, all things being equal, NCOA would agree. However, this is not the case. Enlisted petty officer pay, E-4 through E-7, has been depressed since 1940. For all petty officer grades, E-4 through E-9, since 1971.

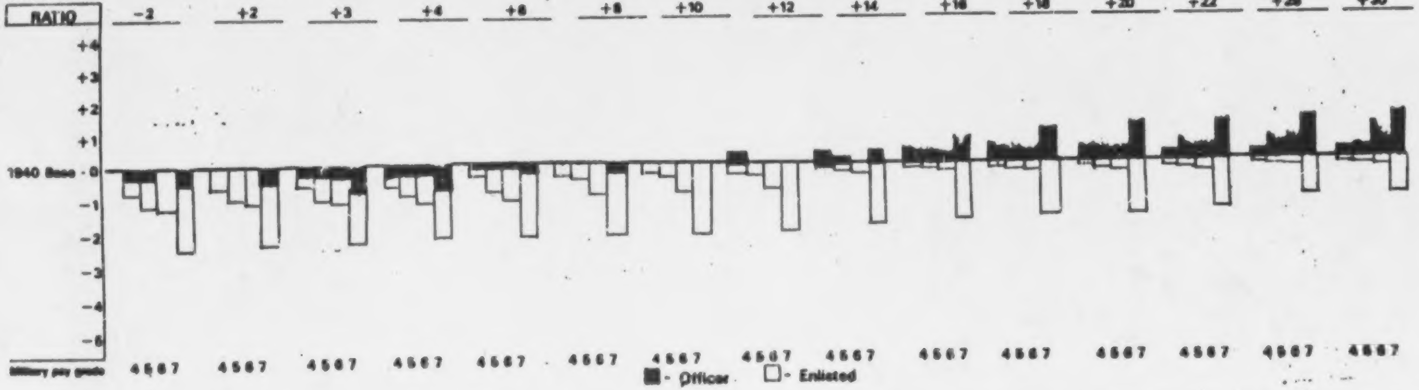
If an adequate pay raise for uniformed servicemembers would have been recommended by the Reagan Administration for FY 1986, NCOA would have sought another targeted pay hike as it did in 1981 for the career enlisted grades. In fact, NCOA prepared a study (part of which is displayed in the graph on the next page) showing these depressions so that the Association would be able to justify a more substantial increase in pay for this group. Since a comparative pay raise was not requested of Congress, NCOA has no choice but to seek improvements in other areas of compensation and quality-of-life programs for uniformed servicemembers.

Chart 1

COMPARATIVE RATIOS IN BASIC PAY 1940-1984

Commissioned Officers Pay Grades O4 - O7/Enlisted Pay Grades E4 - E7

(YEARS OF SERVICE)



MOVING COSTS

Earlier, in discussing the housing situation, the Association mentioned that the federal government does not reimburse its Coast Guardsmen in full for the costs incurred in moving under government orders. NCOA believes this is another inequity that requires consideration by this distinguished panel.

In a 1983 study conducted by the U.S. Air Force uniformed personnel were being reimbursed only $1.00 for every $4.00 spent on moving. Out-of-pocket expenses were estimated to be anywhere from $1,500 to $3,200 per move with an average of seven moves per service career. Although mileage reimbursement was increased in 1984 for Department of Defense servicemembers and is currently at 16¢ per mile for Coast Guardsmen, the loss is still a sizeable sum.

The loss becomes even more acute if the spouse is employed and must give up his or her job when the servicemember moves. The Air Force estimated income losses of $3,070 to $4,285 for senior enlisted spouses and $3,841 to $5,253 for officers'.

In a 1983 comparison of reimbursements for moves made by a civilian federal worker, GS-9, and a servicemember, pay grade E-7, the former receives payment for many of the costs that must be borne by the E-7. This comparison is shown on the following page.

HEALTH CARE

This governmental stinginess again rears its ugly head in providing health care for the families of uniformed personnel. To use civilian medical facilities, Coast Guard dependents must pay a fee of $50-to-$100 each year and 20 percent or more of any costs incurred above a reasonable charge determined by CHAMPUS for the care provided. This cost-sharing program might be acceptable whenever dependents choose to use civilian care in lieu of armed forces medical facilities, but not when there is no choice.

COMPARISON OF PCS REIMBURSEMENTS
(Washington, D.C. to San Francisco, California)

PRIOR TO DEPARTURE	CIVILIAN (GS-9)	MILITARY E-7
*House Hunting Trip		$ -0-[1]
Air Tvl/employee	$ 296.00	
Air Tvl/spouse	296.00	
10 days per diem/Agent ($50/day)	500.00	
10 days per diem/spouse ($37.50/day)	375.00	
Real Estate Expenses		-0-
*Sale of Residence	6,000.00[2]	
ENROUTE		
Automotive Travel (2838 miles)	567.60[3]	865.59[4] - (see note below)
Tolls	10.00	-0-
Per Diem		
Member (9 days @ $50/day)	-0-	465.46[5]
Agent (9½ days @ $50/day)	475.00	-0-
Spouse (9½ days @ $37.50/day)	356.25	-0-
Child 13 (9½ days @ $37.50/day)	356.25	-0-
Child 9 (9½ days @ $25/day)	237.50	-0-
FOLLOWING ARRIVAL AT NEW DUTY STATION		
Temporary Quarters Subsistence Expense		
Member + dependents (4 days)	-0-	-0-[6]
*Employee + dependents (1st 30 days)	4,249.80[7]	-0-
*Employee + dependents (2nd 30 days)	3,187.50[8, 9]	-0-
Less 10 days due to house hunting trip	(1,062.50)[10]	
Miscellaneous Expenses		
No receipts	700.00	-0-
**Dislocation Allowance	-0-	342.60[11]
Real Estate Expenses		-0-
*Purchase of Residence	3,500.00[12]	
TOTAL REIMBURSEMENTS	$20,044.40[13]	$1,673.65

1 Space-available Military Airlift Command (MAC) transportation for member only
2 Amount based on selling price of $60,000 -- reimbursement equals 10% of selling price, not to exceed $15,000
3 20 cents/mile employee and 3 dependents
4 13 cents/mile member; 7 cents/miles spouse; 7 cents/mile child 12 years or older; 3.5 cents/mile child between 2 and 12
5 Includes per diem (reduced by $4.87/day for enlisted by DoD Appropriations Act) and a Variable Housing Allowance at Wash DC rate during travel time
6 Authorized in 1981 Pay Act, but no funds provided for implementation
7 $50/day employee; $33.33/day spouse; $33.33 child 12 years or older; $25/day child under 12
8 P.L. 98-151 authorizes an additional 30 days of TQSE -- $37.50/day employee; $25/day spouse; $25/day child 12 years or older; $18.75/day child under 12
9 Additional 60 days TQSE may be authorized by agency under unusual circumstances
10 As general policy, period of TQSE allowance will be reduced if house hunting trip is taken
11 Subject to taxation, less expenses
12 Amount based on purchase price of $70,000 -- reimbursement equals 5% of purchase price, not to exceed $7,500
13 First $3,000 is not taxable as additional income -- remainder added to gross annual income for tax purposes

"NOTE: (Member's reimbursement increased to 15¢ in 1984. USCG member receives 16¢ per mile. In either case the total reimbursement would be no greater than $951.)"

Again, far too many Coast Guardsmen are assigned to locations where no federal installations are within a reasonable commuting distance. Since they are there at and for the convenience of the federal government, their families should be provided 100 percent coverage of medical costs incurred as determined to be reasonable under the Civilian Health and Medical Program for the Uniformed Services (CHAMPUS).

RETIRED PAY

NCOA also cautions the members of this distinguished panel not to be persuaded by the false rhetoric one hears concerning the Coast Guard or military retirement system. It is vitally important to our uniformed personnel. Any adverse changes could bring the All Volunteer Force (AVF) to its knees and reinstitute the drafting of young men for military service. With the high-tech weapons and systems we currently have in the armed forces, a two-year tour of involuntary service is insufficient to adequately train today's servicemember.

Can we afford a draft? Would it be universal training or selective service? Will we have a more professional and ready force of experienced people? Those are the questions you must ask yourselves if and when you are called upon to cast a vote for or against the current military retirement system.

PETITION

In conclusion, NCOA petitions the Congress of the United States to authorize and appropriate federal monies to fund the programs recommended in this statement. NCOA believes its request is not only fair and reasonable but surely justified if the United States desires a high quality, experienced and steady-at-the-helm Coast Guard. Hopefully, this distinguished panel will provide the thrust and the lead in having Congress adopt the proposals contained herein.

National Coal Association

STATEMENT OF WILLIAM G. BELL, JR.

Senator Andrews. Our next witness is William Bell of the National Coal Association.

Mr. Bell. My name is William Bell, Jr. I am vice president of the Coal Transportation for American Electric Power Service Corp. I am appearing today on behalf of the National Coal Association.

NCA represents coal producers, coal sellers, and other organizations associated with America's coal industry.

Mr. Chairman, my purpose in appearing before you today is simply to urge this committee to exercise its full legislative prerogative in requiring that the Interstate Commerce Commission comply with the 1980 Staggers Rail Act by protecting captive shippers from abuses in rail rates.

Two out of every 3 tons of coal shipped are carried by the railroads and coal accounts for almost 2 out of every 5 tons of total railroad freight. A substantial amount of railroad coal tonnage is captive to the railroads.

In other words, coal shipments in many cases have no effective transportation alternative to a single railroad for all or part of the movements from the mines to the utilities, to the industrial plants or ports. Therefore, coal shippers are particularly vulnerable to rate abuse.

This was recognized by Congress in passage of the Staggers Act. Yet the will of Congress in calling for regulatory assurance that coal shippers are not charged excessively high rail rates is being ignored by the Commission in its administration of the Interstate Commerce Act.

The conferees on the Staggers Act with regard to the rail transportation policy stated, and I quote:

> The conferees intend that this policy include the encouragement and promotion of transportation of coal by rail in accordance with the objectives of energy independence at rates which do not exceed a reasonable maximum where there is an absence of effective competition.

With this in mind, Section 10101(a)(6), Title 49, U.S. Code, says, that in regulating the railroad industry, it is the policy of the U.S. Government to maintain reasonable rates, where there is an absence of effective competition.

Mr. Chairman, NCA wishes to call to the subcommittee's attention several instances which are covered in my full statement which the Commission has failed to respond to this mandate in the past 4½ years, a situation which must be corrected and requiring timely enactment of the Consumer Rail Equity Act, Senate bill 477, and House bill 1190, which NCA strongly supports.

Mr. Chairman, we appreciate your taking the load on this legislation. We pledge to assist in every possible way to secure the passage of Senate bill 477.

Senator ANDREWS. Thank you very much, Mr. Bell.

Has the recent agreement between such parties as the Association of American Railroads and the National Industrial Transportation League lessened the need for legislation?

Mr. BELL. Not at all, sir; in that the NIT League group's focus was strictly on access issues.

The NCA's issues are concerned with captive shippers which cover a much broader issue which can only be addressed by Senate bill 477.

Senator ANDREWS. Thank you very much. We appreciate your statement. It will be a great help to us.

[The statement follows:]

STATEMENT OF WILLIAM G. BELL, JR.

Mr. Chairman, my name is William Bell, Jr. I am Vice President, Coal Transportation for the American Electric Power Service Corporation. I am appearing on behalf of the National Coal Association. NCA represents coal producers, coal sellers, and other organizations associated with America's coal industry.

Summary of Statement

Mr. Chairman, my purpose in appearing before you today is simply to urge this Subcommittee to exercise its full legislative prerogatives in requiring that the Interstate Commerce Commission comply with the 1980 Staggers Rail Act by protecting captive shippers from abuses in rail rates. About two out of every three tons of coal shipped are carried by the railroads and coal accounts for almost two out of every five tons of total railroad freight. A substantial amount of railroad coal tonnage is captive to the railroads; in other words, coal shipments in many cases have no effective transportation alternative to a single railroad for all or part of movements from mines to utilities, industrial plants and ports.

Therefore, coal shippers are particularly vulnerable to rate abuses. This was recognized by the Congress in passage of the Staggers Act, yet the will of the Congress in calling for regulatory assurance that coal shippers are not charged excessively high rail rates is being ignored by the Commission in its administration of the Interstate Commerce Act. The Conferees on the Staggers Act, with regard to rail transportation policy, said: "The Conferees intend that this policy include the encouragement and promotion of the transportation of coal by rail in accordance with the objective of energy independence at rates which do not exceed a reasonable maximum where there is an absence of effective competition."

With this in mind, Subsection 10101(a)(6), Title 49, United States Code says that in regulating the railroad industry, it is the policy of the United States Government to maintain reasonable rates where there is an absence of effective competition. Mr. Chairman, NCA wishes to call this Subcommittee's attention to several instances in which the Commission has failed to respond to this mandate in the past four and one-half years, a situation which must be corrected, requiring timely enactment of the Consumer Rail Equity Act (S.477 and H.R. 1190) which NCA strongly supports.

The Commission has thwarted the will of the Congress by bowing to the wishes of the railroads and exempting railroad movements of export coal from regulation. This action is eliminating regulatory protection of shippers engaged in exporting America's coal from rate abuses at the hands of railroads which possess broad market dominance over export coal shipments. In addition, the ICC has determined that the shipper of a commodity, such as coal, will be denied any access to the regulatory body to argue whether a rate is reasonable if the commodity at issue could be obtained somewhere else or could be substituted by a different commodity. This denial applies even though the rate exceeds 180% of variable costs, the current threshold which establishes ICC jurisdiction over rail movements. Again, an example of where the ICC has surrendered to the pressures of the railroads to secure total deregulation, even if it means doing so in a de facto manner at the door of a friendly regulatory body, notwithstanding what Congress decrees.

And, Mr. Chairman, as if these actions by the Commission weren't enough to wipe out regulatory protection of captive shippers, the ICC has adopted unique, unsubstantiated standards for determining whether a rail carrier has adequate revenues, standards if applied to America's corporations in general, doubtless would lead to findings that none are revenue adequate. Certainly, it is extremely unlikely that any railroads will ever be found to have adequate revenues under the Commission's way of looking at the question. This carries especially serious consequences for coal shippers in the face of moves to counter alleged inadequacies by adopting new standards for maximum reasonableness of rates charged coal shippers. The ICC proposes that a railroad coal rate would not be considered excessive if it is no more han what the shipper would pay to furnish the rail service itself; in other words, what the shipper would pay to build and operate a railroad for the movement at issue. Is this what Congress intended? Certainly not, thus Congress must act now to stop such moves.

Examples of ICC Decisions Which Undercut Shipper Protection

As rail transportation moves approximately one half billion tons of coal annually to utilities, industrial plants and ports, a healthy railroad industry is important to the coal industry. Therefore, NCA supported the 1980 Staggers Rail Act because it: (a) preserved a reasonable degree of captive shipper protection; (b) authorized for the first time the use of railroad transportation contracts; (c) improved railroad pricing flexibility to assure adequate revenue; (d) enabled railroads to reduce the cost of providing transportation services; and (e) called for expeditious treatment of proceedings by the Commission.

The Staggers Act as passed by the Congress carefully balanced the needs of rail carriers for improved pricing flexibility and of shippers and the public for protection against potential rate abuses. We have been appalled that the decsions handed down by the ICC since the passage of the Staggers Act have not reflected a balanced concern for captive shippers and ultimate consumers as well as the railroad industry. Thus, the ICC has sided with the railroads' position in major decisions concerning revenue adequacy determinations, market dominance standards, coal rate guidelines, the exemption from regulation of export coal, and the determination of Long-Cannon factors.

The ICC's overriding emphasis on assuring railroad revenue adequacy makes the standards for determining revenue adequacy of primary concern to shippers, particularly captive shippers. The ICC currently uses only one standard to determine revenue adequacy: whether the rate of return on investment (net railway operating income divided by the investment base) is equal to the current cost of capital. Prior to the adoption of this single standard, several criteria were used by the Commission with the result that some rail carriers were found to be revenue adequate. Since the adoption of this methodology, no Class I rail carrier has been found to be revenue adequate in the ICC's annual determinations.

Shippers have argued in proceedings before the Commission for multi-criteria revenue adequacy standards since there are conceptual and practical difficulties with the rate of return on investment standard. The primary objection to the rate of return on investment standard, an objection articulated by the Commission itself at the time that it was using more than one measurement for revenue adequacy, is the difficulty in defining the optimal investment base to provide the required level of railroad service.

The ICC's determination that no Class I railroad is revenue adequate does not appear to reflect reality since railroads are making large acquisitions of other companies. The railroads and the ICC attempt to rebut this discrepancy in two ways: (1) the holding companies which own the railroads, not the railroads themselves, are making these purchases; and (2) railroad companies are disinvesting in railroads and are investing in other industries because of the lack of opportunity for earning a competitive rate of return on capital within the rail industry.

However, there are numerous examples showing that railroads, holding companies that own railroad companies and, indeed, other corporations, are investing in new railroad lines and are interested in acquiring railroads and that railroad profits help finance these large acquisitions.

- CSX Corporation, the holding company which owns the Chessie and Seaboard System Railroads, purchased Texas Gas Resources in 1983. The 1982 figures for CSX show that 77% of its operating income derived from rail operations. Clearly CSX's ability to finance such an acquisition depended in large part on the financial health and profits of its rail units.

- Norfolk Southern Corporation was formed in 1982 by merger of two large railroads, Norfolk and Western Railway and Southern Railway. Since that time, this new holding company has invested in other areas, including the purchase of 20.2% of the stock of Piedmont Aviation and 3% of the stock of Santa Fe Southern Pacific Corporation (a holding company which owns two large railroads, the Sante Fe and Southern Pacific), and has just received ICC approval to purchase North American Van Lines. Norfolk Southern recently announced that its rail subsidiary, Norfolk and Western Railway, is purchasing an additional 325,000 shares of Piedmont Aviation.

- Norfolk Southern Corporation is the Department of Transportation's choice for the $1.2 billion purchase of Conrail; DOT has stated that its choice assures Conrail of a secure financial future because of Norfolk Southern's deep pockets. Guilford Transportation, a northeast railroad company, also bid for Conrail, and CSX Corporation submitted a plan for several railroads to acquire parts of Conrail. Besides these rail carriers, DOT received several other offers from corporations and individuals willing to invest in the revenue inadequate Conrail.

- Recently two revenue inadequate railroads, Chicago and Northwestern (CNW) and SOO Line, bid against each other to purchase the assets of the bankrupt Milwaukee Road. SOO Line won approval for the purchase, and CNW has recently stated that its preferred acquisition is a railroad that connects end-to-end with CNW. CNW is now studying three such railroads.

- Union Pacific Corporation acquired the Missouri Pacific and Western Pacific railroads in 1982. Union Pacific Railroad has also been a partner with CNW in building and renovating a 107- mile rail line into Wyoming's Powder River basin. Recently UP and CNW announced plans to build a ten-mile extension of this line.

- The Tongue River Railroad Company has requested ICC permission to build a 90-mile railroad through the Tongue River valley. Several corporations are partners in the railroad, and formed the railroad to link coal mines in the Ashland, Montana area with Burlington Northern rail lines.

Further, in at least one instance the BN Rail Lines voluntarily sent letters to its shippers and utility customers with respect to its position and the ICC's coal rate guidelines and has stated that even they are firmly convinced that the proposed 15% increase authority is excessive and unwarranted.

The Commission has been considering since February 1983 several changes to its procedure for determining revenue adequacy. One of the proposed changes is to switch to current cost accounting, that is to revalue the railroads' investment base as if it were purchased today. There are several drawbacks to the proposed current costing accounting system. The concept, as used by accounting firms and other regulatory agencies, is experimental and is currently only used on a supplemental basis, making comparisons between the rail industry and other industries difficult. There are many problems and additional, complex data requirements in converting to such a system. The Commission's proposal to use current reproduction cost of assets involves exactly recreating an asset base which may be outdated or superfluous, and compounds the problem of assuring that a railroad's investment base only contains the optimal assets for an efficient railroad.

The ICC has directly linked its revenue adequacy determinations with the reasonableness of a rate in its proposed coal rate guidelines. The guidelines currently under consideration were first proposed by the Commission in February 1983 and comments by interested parties were submitted in July, 1983. Fifteen months later, in October 1984, the Commission heard oral argument on the guidelines, and has recently stated that it will vote on the guidelines at an open hearing on May 7. These guidelines are of vital importance to the coal industry, and numerous rate cases have been held in abeyance pending the Commission's action.

The proposal, as it currently stands, would find that no rate is too high if a railroad has been determined to be revenue inadequate unless the shipper can prove management inefficiences or that the rate exceeds the stand-alone cost. The Commission has proposed the use of stand-alone cost as a "surrogate for competition" and has defined stand-alone cost as representing that level at which the shipper could provide the service itself.

I will not analyze the Commission's proposal in detail because of the impending decision. However, it is clear at a glance that rates set at the stand-alone cost level bear no resemblance to rates set through competition. As an example, the new CNW line into the Powder River basin and the threat of the proposed ETSI pipeline increased bargaining power for coal shippers and resulted in lower rates. The stand-alone concept is flawed in theory also. Since stand-alone cost represents the level at which shippers could provide the service themselves, it produces a price level that even a monopolist could not charge without losing traffic. The stand-alone price is, in effect, a price that is higher than that which could be charged by a profit-maximizing monopolist, and therefore cannot represent a surrogate for competition.

The ICC's decisions concerning rate reasonableness and revenue adequacy are of grave importance to the coal industry because of the large number of coal shippers captive to a single railroad and therefore subject to potential rail rate abuses. In 1979 NCA surveyed its members to determine the extent of the captive shipper problem. Based on 1977 data, the survey found that two-thirds of the coal tonnage reported in the survey was shipped by rail, and that 85% of the rail tonnage was captive to a single rail carrier for all or a substantial portion of the route. Coal produced in the western region and shipped by rail was found to be 98% captive; this situation has now been slightly improved with the opening of CNW's new rail line into the Powder River basin.

NCA's study did not consider revenue to variable cost ratios in determining captivity. The Interstate Commerce Act provides that traffic moving at rates which result in a revenue to variable cost ratio below 180 is presumed not to be subject to rail market dominance. However, in order to make an accurate revenue to variable cost determination it is necessary to analyze specific details of each coal movement. This is because rail coal traffic generally moves at a much lower cost per ton than other commodities shipped by rail. Unit train, trainload and multi-car shipments which characterize most coal shipments, greatly reduce the cost of handling each carload. In addition, reduced clerical costs, very low loss and damage claims, the extensive use of shipper-owned or leased equipment, and the lack of special handlng requirements all help keep the railroads' cost of moving coal low compared to other commodities.

NCA was not subject to the proprietary information necessary to perform an accurate cost study, and so defined shipper captivity in its study based on access to transportation alternatives. Any captive shipper estimate based on revenue to variable cost ratios would be suspect unless numerous specific adjustments were made to average costing methodologies in order to account for the many cost efficiencies to the railroads in shipping coal.

NCA's study is the only study that I know of that tries to evaluate the degree of captivity of the coal producer. The ICC commissioned Reebie Associates to do a captivity study titled "Coal-Fired Utilities Dependency on Rail Carriers as a Transport Delivery Mode." As the title implies, this study only looked at one type of coal receiver, i.e., the electric utility, and therefore does not take into account the extent to which there are any transportation options available to the coal producer. The degree of captivity of the coal producer, of course, has a direct impact on a producer's ability to market its coal.

Nevertheless the Reebie study has been referred to as a source for the assertion that only 13% of coal shipments are captive. This is a gross simplification of what the

Reebie study attempted to analyze and of the study's conclusions. Reebie Associates itself was very careful to set forth the assumptions nade in its study.

The study was undertaken to expand on a previous survey study by DNS that had estimated that 53% of utilities had constrained transportation options. Reebie Associates' task was to independently evaluate each utility's dependency on modal and carrier delivery systems. Reebie stresses that it is analyzing only delivery options, and states: "Delivery options, however, only look at the plant and alternative modes or carriers serving that plant without regard to whether the alternative carriers can also access the appropriate fuel supply areas. This latter question, i.e., is a delivery alternative in fact a realistic transportation option, requires far more data and analysis than was undertaken here." (p. 4 of study)

Reebie also made a very important assumption as to institutional and legal barriers to intramodal competition: Reebie assumed that the Commission would use its statutory power to authorize or mandate reciprocal switching and interline routing to enable alternative carriers to serve a utility and thus maintain competitive market balance. (p. 7 of study) Given the Commission's decisions in reciprocal switching and joint rate cancellation cases, this is a most unlikely assumption.

Reebie used extensive data sources to identify and locate 440 coal fired utility plants and the coal delivery systems presently used by each plant. Reebie then examined the modal dependency of the plants based on geographic considerations and concluded that 13% of coal burning utilities have weak or no transportation options while 87% have modest or strong transportation options. However, Reebie clearly states that no conclusive statements can be drawn concerning the economic feasibility of the alternative delivery options because that would necessitate developing the full logistical costs for unloading, storage and distribution facilities. (p. 20 of study)

Reebie also did not analyze the practical considerations of the supposed competitive delivery systems as is clear from looking at its definitions of competition: (from Exhibit 6 of study)

Strong	Three or more railroads serving within 25 miles; or two railroads plus a navigable waterway within 25 miles; or mine mouth generating facilities for the plant.
Modest	Two railroads serving within 25 miles; or one railroad plus a navigable waterway within 25 miles.
Weak	One railroad serving within 25 miles with either another railroad or a navigable waterway within 50 miles.
None	Only one railroad serving within 50 miles.

No analysis was made of whether the railroads within the 25 mile radius actually had access to the plant, or whether the railroads even interchanged with each other, or whether it was feasible to transport the volume of coal involved to the navigable waterway. Thus this study is essentially a study of geographic proximity, not of shipper captivity, as it contains no analysis of the practical or economic considerations of the proposed alternative delivery systems, nor any analysis of the coal source requirements or coal source transportation alternatives.

Railroads face limited competition for coal shipments. Coal slurry pipelines do not exist because of the absence of eminent domain legislation which has been vehemently opposed by the railroads. Truck competition is limited to short distances because of the large volume of coal moved. Barge competition is strong where it exists, but it is of necessity limited to the geography of the waterways. The NCA study showed that 85% of coal shipped by rail was from a mine served by a single rail carrier.

Because of these monopoly circumstances, railroads enjoy a real potential for rate abuse. The Staggers Act contained protections for captive shippers against such abuses and that is why NCA supports legislation introduced this year in both the House and Senate (H.R. 1190 and S.477), entitled the "Consumer Rail Equity Act", which corrects the problems encountered by shippers in monopoly power situations. This legislation is also supported by the members of a coalition called Consumers United for Rail Equity which is comprised of utilities, coal companies, consumer and agricultural groups. Mr. Chairman, many have criticized this legislation and the efforts of the CURE coalition, claiming the problems encountered by the captive shippers can be handled administratively. I believe my statement makes it perfectly clear that the ICC has misinterpreted its congressional mandate and that is why we believe legislative changes are critical to the proper implementation of the Staggers Rail Act, as Congress intended. I will be happy to answer any questions that you or members of the Subcommittee may have.

BOSTON CARRIER, INC.

STATEMENT OF ALAN BERNSON, PRESIDENT

Senator ANDREWS. Our next witness is Mr. Alan Bernson of Boston Carrier, Inc.

Mr. BERNSON. Mr. Chairman, may name is Alan Bernson. I am the owner of Boston Carrier, Inc., a small motor carrier in Massachusetts.

A year ago I appeared before a House committee chaired by Congressman Lehman and a Senate committee chaired by Senator Andrews. I return once more to address both of these groups.

In the years that have gone by I want to thank Mr. McCann for assistance in this problem. In your files, Mr. Chairman, you will find a letter to you from Congress Ed Markey expressing his awareness of the fact I was coming to Washington to talk to you.

In order to confine my speech to the time limit, many important facts have been left to an appendix.

When I was here last year I left with this committee a 240-page complaint marked "The Source Book," which I filed with the Commission in November 1983, which detailed the nightmarish period commencing in 1980 wherein I alleged my company was harassed and nearly driven out of business by the ICC Boston Office for reasons connected with anti-Semitism and an extortion plot by private parties who I have alleged are working in consultation with management of the Boston Office.

I present my case which sums up horror stories so that you may properly question the manner in which funds appropriated to the ICC are being spent.

Two weeks after I concluded my speech here, to my pleasant surprise I returned home and found that the Commission had entered a decision which granted me a considerable amount of relief.

I won't go into the details of it because I don't think time will allow it, but basically it exonerated me of all of the allegations that had been made in the preceding 4 years and it asked that an investigation be made to find out why allegations that had been trivial and unsubstantiated had ever been investigated in the first place.

Selective enforcement at ICC is nothing new and results from the simple fact that enforcement programs of ICC are poorly defined, seldom monitored by headquarters, and left up to the discretion of the regional directors who can operate as they please, which in turn leaves the door open to the temptations and evils described here.

In 1983 Congressman Lehman ordered a nationwide investigation of the ICC branch office seeking a definition of enforcement goals. Thus within 2 years there have been two main investigations of the same subject.

Congressman Markey began writing to Chairman Taylor a few years ago about my case and in turn drew the attention of columnist Jack Anderson.

In 1984 Jack Anderson published an expose on the subject in two articles that revealed the campaign to drive me out of business had started in 1980 due to the anti-Semitism prejudice of certain persons at the Boston Office who had described me as a troublemaking Jew.

In 1981 Regional Director Abare publicly announced his intention to drive me out of business. Between 1980 and 1981 an estimated 15,000 manhours at a cost of over $2 million were dedicated to achieve this objective.

Senator ANDREWS. Mr. Bernson, your time has expired. We appreciate your statement. It will be included as part of the record.

[The statement follows:]

STATEMENT OF ALAN BERNSON

My name is Alan Bernson, I am the owner of Boston Carrier, Inc, a small motor carrier in Massachusetts. A year ago, I appeared both the House Committee Chaired by Congressman Lehman and the Senate Committee Chaired by Senator Andrews, and have returned once more to address both groups..

In your files, Mr. Chairman you will find a letter to you from Congressman Ed Markey dated March 29, 1985 expressing his awareness of the fact that I would be coming to Washington to talk to you. In order to confine my speech to time limits, many important facts have been left to an appendix .

When I was here last year I left with this Committee a 240 page complaint marked " the Source Book", which I had filed with the Commission in November 1983, which detailed a nightmarish period commencing in 1980 wherein I alleged my company was harassed and nearly driven out of business by the ICC's Boston office for reasons connected with (a) antisemitism and (b) an extortion plot. I present my case, which some have termed a horror story, so that you may properly question the manner in which funds appropriated to the ICC are being spent.

On May 15, 1984, two weeks after I spoke here, the Commissioners, in a vote of two for and one against, issued a formal decision in in response to the "Source Book" which stated:

1. The decision acknowledged that my complaints about the Boston office were correct by stating that an examination of the four years of harassment had been based on accusations leveled against me by both Boston office persons and their civilian partners were now termed as " trivial and unsubstantiated" and went on to state that the accusations, even if true, would never have been worth of investigation in the first place.

2. The Commission's decision further acknowledged that my complaints had foundation by indicating that two Boston lawyers, had caused an unusual amount of problems for BCI. This was an obvious reference to my allegation that I was the victim of an extortion plot wherein our civilian adversaries, advised us that unless we paid out large amounts of cash, that we faced retaliation because these civilian lawyers made it clear to me that they had close connections at the Boston office who would cause us problems if we did not oblige.

3.. The Commissioners ordered that all of my allegations against this case of alleged wrongdoers were to be investigated by a team borrowed from the Office of the Investigator General, under the direction of Special Agent Ronald Pomerantz. Details are attached.

4.. The decision released badly needed operating rights that had been allegedly held up thru the actions of my ICC and civilian adversaries.

****

Selective enforcement at the ICC is nothing new, and results from the simple fact that enforcement programs at the ICC are poorly defined, seldom monitored by headquarters, and left up to the discretion of Regional Directors, who can operate as they please which in turn leaves the door open to the temptations and evils described herein.

In 1983, Congressman Lehman had ordered a nation wide investigation of all ICC branch offices to determine seeking a definition of enforcement goals and to examine the day to day operations of Regional Offices.Thus, within two years there have been two major investigations on this same subject.

Congressman Markey began writing to Chairman Taylor a few years ago about my case, and in turn drew the attention of columnist Jack Anderson .In 1984, he published an expose on this subject in two articles that revealed that the campaign to drive me out of business had started in 1980 due to the antisemitic prejudice of certain persons at ICC- Boston who had described me as a "trouble making Jew" and went on to show that certain civilian lawyers who had civil claims against me, tried to exploit the situation.

In 1981 Regional Director Abare, publicly announced his intention to drive me out of business, and between 1980-1981 dedicated an estimated 15,000 man hours at cost of over $ 2 million dollars in an effort to achieve his objective.

During that time, almost all civilian initiated complaints were ignored, except those filed against my company by the above mentioned law firm who boasted close ties with Mr. Abare and other Boston office officials. And while these were matters which the Commissioners later described as at most being technical paperwork errors, ICC agents,controlled by Mr. Abare and influenced by his civilian lawyer contacts, gave them the kind of attention normally associated with the most heinous crimes while ignoring serious complaints filed by other civilians who lacked what I allege to be " inside assistance".

The Boston office has ignored and defied a directive in the May 15 decision ordering it to cease these kinds of actions against my company and a few months ago, promised us a kind of peace settlement providing I would offer a written promise wherein I would state that after the Pomerantz report is public, I will not use it as a basis for making further complaints to the Press, the U.S. Attorney, the B'Nai Brith or future contacts such as the one I am making today to Senators and Congressmen.

Both the B'Nai Brith and the Office of Congressman Markey have written to Chairman Taylor asking for an explanation of this event which has been excluded from the agenda of the pending investigation.

The Boston office continues to be operated by the same persons who are the targets of this investigation who are not now and who may never be required to account for their actions.

Before this Committee appropriates further funds to the ICC, I urge that it call Mr. Pomerantz to testify and to reveal the results of his year long investigation, and of his interrogation of those civilians and officials alleged to be at the center of this matter and that it assess the results in conjunction with the results of the GAO investigation and take appropriate action.

Signed Alan Bornsen

"APPENDIX"

The Law Firm: : The firm is named Weiner and Chused, at 15 Court Square, in Boston, MA., 617-742-3530 I have alleged that in order to force me to pay $ 40,000 to their clients on account of a baseless then pending civil lawsuit, that this firm made use of contacts which they had at the Boston office. Thru those contacts over 15 harassing actions were commenced which included investigations, oral hearings to determine my fitness as a motor carrier, injunctions to attempt try and require me to cease operations, civil lawsuits to assess forfeiture fines, numerous visitations on my customers by ICC agents designed to ruin my business reputation and a most insidious scheme to defame me to my insurance companies so that my coverage would be cancelled. All of these events are narrated in my "Source Book" complaint.

The Decision This is dated May 15, 1984 and can be found under docket # MC 146440 Sub 13- Boston Carrier Inc. The Boston office, with support from the above law firm, attempted to block the issuance of this certificate by writing an unfavorable recommendation to the Commissioners who, as explained in my speech, not only rejected that recommendation but ordered an investigation of my accusers.

In addition to the information in my speech, the decision complimented my company for attempting to stay in compliance and "play by the rules" in spite of the obstacles created by my adversaries . It noted that there had never been any evidence that my company had treated shippers or others in an unfair manner.

In my opinion, the most important part of the decision is the message that even if all of the accusations against me had been true, these were not of the nature to have justified any enforcement actions in the first place. This places Mr. Abare and his executives in a postion where it is impossible to defend the massive outpouring of resources and forecloses any argument that would tend to state : " Well , we may have been wrong but we thought he was doing thus and so" since the Commission is saying even if " he" was, so what?

This then gets back to the problem originally raised by Congressman Lehman when , with concern, he ordered the GAO to investigate an enforcement policy that appeared to have little central organization and was left to various Regional Directors who could do with it as they pleased.

The Investigation The Commission engaged a team from the Office of the Investigator General at the Department of Education. Commendably, in order to insure an independent report, it engaged persons not connected with the Commission.

The leader is Special Agent Ronald L. Pomerantz at 330 C Street Southwest, Washington, D.C. Tel 202-245-0671, a person who appears to have some 25 years experience. The Investigation Started in June 1984 and informally I was advised that the report is due to go over to Chairman Taylor next month. There is no way of knowing when it will become available to the Commissioners or to the public and of most concern, there is no way of knowing how a decision will be made as to what action should be taken as a result of what appears to be its several thousands of pages.

When the investigation began, Mr. Pomerantz asked that I set out my allegations for him which totaled about thirty. Essentially I stated that in 1980, I was singled out because of the antisemitic prejudices at the Boston office. Later, certain business adversaries, represented by attorneys Weiner and Chused, found it was most expedient to put pressure on us by making complaints about trivial matters to a more than receptive group.

Together, the attorneys and the ICC persons made it impossible for us to expand our business by preventing the issuance of new operating authority. The Boston office and the law firm supported baseless complaints about me alleging criminal acts to the FBI. A systematic campaign ensued to try and force me to pay $40,000 to Weiner and Chused who promised that that would " make it all go away"

Boston Office's Attempts to Force me to Promise to Cease Complaints

In defiance of the decision of the Commissioners of May 15, 1984, Regional Director Abare caused the commencement of a civil lawsuit against BCI seeking to collect civil penalties of $80,000 in connection with what Mr. Abare claims to be 160 instances of picking up freight beyond the scope of authority. In its May 15th decision, the Commission examined Mr. Abare's claims, termed these as techinical violations, stated that there were mitigating factors, that since that time my company had voluntarily corrected these errors without prodding and that Commission policy was such that enforcement action was not warranted.

The U.S. District Court put a stay on this action when it discovered there was a pending investigation and claims of discrimination.. In the course of its pleadings before the Court, Boston office lawyers made false statements to the Court in an attempt to show that Commission policy was still back in the nineteen seventies where enforcement actions of these kinds were common when in fact, since 1980 they have been non-existent.

For example, Mr. John Giorgio, an attorney at the ICC's Boston office, who, along with Regional Director Abare, and the two above mentioned Boston lawyers are central to the agenda of this investigation, caused a written memorandum to be presented to the Judge stating that since 1980, his office had sought nine other enforcement actions against other New England carriers and that these had been instituted for this same kind of violation. When asked to supply the back up data under the Freedom of Information Act, Mr. Giorgio was forced to admit that this statement was due to a "computer error" and in fact, there had been no such cases, except for mine. .Yet, Mr. Giogio refused to offer a correction to the Court on a voluntary basis.

A few months ago, Mr. John Giorgio, an ICC attorney at the Boston office, advised BCI that the $ 80,000 civil penalty was "negotiable" and could be substantially reduced providing Alan Bernson would supply a written promise that in the future, he would make no further complaints about Giorgio, Abare, or any other alleged wrongdoers, [which I presumed to include their civilian lawyer contacts.]

No Explanations for Outrageous Behavior

I reported the foregoing to Mr. Pomerantz who told me, in a sincere manner which I completely accept, that he could not investigate this complaint because he had run out of alloted funds.

On March 13, 1985 Congressman Markey wrote to Chairman Taylor to inquire what action would be taken about this unsual proposed bargain and what action would be taken regarding an alleged intentional false statement by Mr. Giorgio to the Federal Court. This contact was handled by Ms. Fran Callanan at Congressman Markey's Boston Office at 617-223-2781. A similar inquiry was sent in by Ms. Bette Winnick of the Anti - Defamation League of the B'Nai Brith's Boston Office.

Unfortunately, the answers received from Chairman Taylor fail to deal with the issues in a direct manner and have offered no reason why it is not going to require Mr. Giorgio to offer a public explanation for this episode.

In the meantime, Mr. Abare, Mr. Giorgio, and others in charge of the Boston office alleged to have been involved in wrongdoing continue to function in positions of responsibility as though there had been no complaint and no investigation and continue with business as usual without being required to explain their actions notwithstanding the inquiries of Congressmen.

CONGRESSIONAL WITNESS

STATEMENT OF HON. ALFONSE M. D'AMATO, U.S. SENATOR FROM NEW YORK

Senator ANDREWS. The Senator from New York has a statement he wishes to have put in the record. We will be glad to receive his statement for the record.

Senator D'AMATO. Thank you very much, Mr. Chairman.

I want to commend you for these hearings. They are important. You do a thorough job.

I also want to thank you, and I support you, for your support of mass transit.

Senator ANDREWS. Thank you very much, Senator.

[The statement follows:]

STATEMENT OF SENATOR ALFONSE M. D'AMATO

Mr. Chairman, I am pleased to offer my statement for the record regarding the Department of Transportation's budget for fiscal year 1986.

Today is the first of 2 days of hearings at which public witnesses from the transportation community will offer their views to the subcommittee. I believe that it is especially important for all of the members of the subcommittee to listen carefully to the statements of these witnesses because significant budgetary issues in the transportation area must be addressed by Congress this year.

The Senate is currently in the midst of the difficult process of determining how to address the Federal deficit while providing the funds necessary to promote and continue vital programs supported by the American public. During this week we will consider the proposed compromise budget that the administration and the Senate leadership has agreed upon. This budget, if adopted, will have serious consequences for passenger rail service and mass transit in the United States. It will also terminate the essential air service program which many small communities rely upon. I am concerned about issues such as these and am interested in learning what today's witnesses will say about them.

I have been a consistent supporter of our Nation's varied transportation modes. At the same time, I am concerned about taking meaningful steps to reduce the deficit. I believe that this hearing is an extremely timely opportunity to listen to what our witnesses have to tell us about these tough choices. My views on these matters have been restated many times before this subcommittee: however, I would like to emphasize that transportation plays a vital role in the economic and social well-being of our cities, towns, and rural areas. We must not be penny wise and pound foolish in making cuts in these areas.

In closing, I would simply like to commend the chairman for scheduling these hearings providing me and my colleagues with the opportunity to hear witnesses with many different viewpoints and perspectives on the transportation issues facing Congress this year.

Thank you, Mr. Chairman.

GREATER ORLANDO AVIATION AUTHORITY

STATEMENT OF JACK GILLOOLY, EXECUTIVE DIRECTOR

ACCOMPANIED BY:

NORMAN J. GLASS, ASSISTANT EXECUTIVE DIRECTOR, ENGINEERING, DEVELOPMENT AND SPECIAL PROJECTS
BRUCE STARLING, GOVERNMENTAL AFFAIRS CONSULTANT

Senator ANDREWS. Senator Chiles, I understand you wish to introduce your people from Orlando.

Senator CHILES. Mr. Chairman, I appreciate that.

I would like to introduce Jack Gillooly who is executive director of the Greater Orlando Aviation Authority. Jack had been with the Air Force about 10 years prior to that time, was commanding officer of the Naval Training Center in Orlando which has an enrollment of 10,000 cadets and is probably our largest employer in central Florida.

Prior to that time Jack served as Commander of the U.S. Navy carrier *Wasp*.

Norm Glass and Bruce Starling are also up from Orlando Airport with Mr. Gillooly and I would like to welcome them also.

Senator ANDREWS. Thank you.

Would you proceed.

Mr. GILLOOLY. Mr. Chairman and gentlemen, we appreciate very much this opportunity to represent the community of Orlando and central Florida to speak to you about the need of our airport.

We have submitted a statement which summarizes our needs. It has a needs statement. It talks about our need of land and a third runway. It analyzes the third runway study and provides a brochure of our future development.

What I really want to talk about this morning is our two great needs, land and a third runway, and the appropriations we need in order to meet these needs.

Orlando International Airport is a success story. It presently has two 12,000-foot runways inherited from the Air Force which are serving it well and has recently completed a bonded $300 million brandnew terminal. Master planned for the 21st Century, but it wasn't always that way.

Walt Disney World started in 1971 in Orlando. At that time we had less than 1 million passengers. Last year we had almost 9 million and this year 10 million. In 1990 we are predicting to have more than 13 million passengers and by the year 2000 almost 22 million.

So, we are all right now, but we are facing a crisis. We are in the middle of a State that is destined to become the third most populus State in the Nation. Our population is exploding.

In order to keep up with that, we have to expand our facilities. To do that we have two items of priority:

Land, we need to buy 1,800 acres, and to do that we are asking this committee to help us with a grant of about $9 million.

We need to build a third runway because we will reach saturation by the year 1990 and we must start, and to do that we are asking for an appropriation of a total of $9 million a year for the next 4 years.

Gentlemen, we are here today because of a high growth rate. If the system and the FAA system could take care of this, we wouldn't be here, but we are asking for your assistance because the system does not allow for it.

Thank you very much.

Senator ANDREWS. Thank you for an excellent statement.

We appreciate your appearance.

[The statement follows:]

STATEMENT OF GREATER ORLANDO AVIATION AUTHORITY

INTRODUCTION

On behalf of the Greater Orlando Aviation Authority and the entire Central Florida community, we wish to express our appreciation of the Committee's consideration of our airport needs. We have included herein a needs statement for land and third runway, an executive summary of the third runway report and a brochure of the next phase of **Orlando International Airport** development

Orlando International Airport is a success story. It is an airport master planned for the 21st Century. It is an outstanding example of successful cooperation between the community; local, state and federal governments and staffs; and the airlines, ground transportation and concession suppliers of services.

People who use and work at our airport are proud of our facilities. Our airport is currently meeting the demands of one of the fastest growing areas in the nation -- Orlando, Florida.

However, we are in the center of a state destined to become the third most populous in the nation and we are facing a crisis. Our Central Florida community is continuing to explode and we must expand in accordance with our environmentally approved Master Plan or we won't be a success story. We will be encircled with development and not have adequate runways like any poorly-planned airport.

LAND

Adequate land for our airport's future is our most important need. The Orlando community wants to build next to Orlando International Airport and the community efforts should not be frustrated or torn down in the future to allow for eventual airport expansion. Communities should build next to airports. The market demands it. Therefore, airports should have adequate land for their own expansion needs. To accomplish our future operational needs, $12 million is needed now to purchase land. **The Federal share of this cost is $9 million and our need is for immediate funding.** This land, as depicted in the center of our enclosed brochure, is needed to allow for a fourth runway when needed and to serve as a noise buffer for community development to the east.

The cost of this land is geometrically increasing with time and if we don't act now, the land will become prohibitively expensive in the future. Our airport's ability to fulfill its destiny as the air transportation center of Florida will then be forever lost.

RUNWAY

This explosive growth of the Orlando community has also had a dramatic effect on the capacity of our existing runway system. Again, as seen on the center page of the enclosed brochure, the existing runway system consists of two closely spaced (1,500 ft.) 12,000-foot north/south runways.

The peak hour capacity of these runways as shown on Exhibit A is somewhere between a practical capacity of 48 operations, as determined by the Orlando Air Traffic Control Tower personnel, and a theoretical capacity of 60 operations .

As shown on Exhibit A, the lower practical capacity limit is being exceeded at Orlando now and the theoretical limits will be exceeded for both peak hour and peak period operations prior to 1988.

Failure to proceed immediately with design and construction of the environmentally needed and approved third runway will result in increasingly significant aircraft delays. These delays will begin to affect not only Orlando but, as is true for any major hub airport, the entire United States airport system.

The third runway system's cost is projected to be $61.2 million over a four-year program. The Authority is prepared to commit enplanement funds of approximately $10 million for 1986 through 1988, the end of the current Federal Aid Program. The Authority is also prepared to pay our share of $15.2 million from local funds, however, we are confident the State of Florida will share this cost with us.

We need Federal funds of $36 million to allow us to construct the runway. These Federal funds could be $9 million a year for four years to coincide with the construction program.

EXECUTIVE SUMMARY

A. Introduction

The Orlando community in 1984, through the Development of Regional Impact (DRI) process gave developmental approval to the third runway at Orlando International Airport (OIA). With this decision and the Federal Aviation Administration's (FAA) Finding of No Significant Impact (FONSI) through the Environmental Assessment (EA), the Greater Orlando Aviation Authority (GOAA) organized a sub-committee to address configuration, cost and capacity issues. The sub-committee consisted of the Orlando Airline Airfield Committee, ATA, GOAA staff and Greiner Engineering Sciences, Inc., GOAA's Airport General Consultant. This report is the result of their efforts.

B. Brief Description

The original Master Plan completed in 1977 proposed a third parallel runway located approximately 9,000 feet east of the present east runway 18L/36R. As part of the community environmental process (DRI) to allow construction of the existing passenger terminal and faced with an alternative of moving the airport 15 to 30 miles to the east, the Greater Orlando Aviation Authority agreed to construct the third runway as soon as funds became available. This commitment was documented by a 1977 inter-local agreement with Orange County. All available FAA funds were needed for the existing terminal construction.

The issue of the third parallel runway versus "dual diagonal" runways was raised by a community action group known as "ROAR" (Residents Opposed to Aircraft Roar). The ROAR group proposed the development of "dual diagonal" northeast/southwest runways southeast of the present terminal area. The airlines strongly opposed the "dual diagonal" plan because of the following:

- Inefficient runway terminal interaction. The construction of the "dual diagonal" would have created a situation similar to the old Atlanta terminal, i.e., the terminal on one side of a pair of widely spaced parallel runways. This would have reduced the ultimate efficiency of the runway system by requiring crossing of the northernmost runway and considerably increased taxi times. The "dual diagonals" would have been the primary runways under the proposed plan with existing runway 18-36 complex used for emergencies only.

- Construction cost. The development cost of the "dual diagonal" runway system was estimated at $114 million versus $65 million for the third parallel. These are airfield costs only and do not include additional landside/airside facilities.

An assessment of peak hourly Instrument Flight Rule (IFR) runway capacity for the existing, closely-spaced (1,500 ft.) parallel runway configuration was prepared by Greiner Engineering Sciences for the DRI and EA. Those studies indicated IFR capacity to be within a range of 48 to 60 operations per hour. Preliminary forecasts of aviation demand, prepared by Peat, Marwick & Mitchell as a part of the ongoing Master Plan update, indicates that IFR peak hour demand will reach 72 operations per hour by 1990, thus increasing the potential for significant delays.

The nature of activity at OIA is such that if the exaggerated arrival peak (60% arrivals from 12:00 P.M. to 1:00 P.M.) persists and increases, the time duration for encountering delays will be greatly escalated.

C. Conclusions

1. Forecasts as indicated on Exhibit A indicate that runway capacity will be exceeded prior to 1988 and that significant delay will occur unless the third parallel runway is operational prior to 1990.

2. With the recent community DRI and FAA FONSI decisions to support the parallel runway, GOAA has an environmental obligation to pursue the construction of the third parallel runway to relieve noise impacts on the Orlando community. All signs indicate action is needed now on the construction of the third parallel runway.

3. The decision on the location of the new runway has released development pressure on the periphery of Orlando International Airport. Land values are escalating dramatically and development is approved and beginning.

4. A multi-year program could begin with a clearing and grubbing contract in 1985 and finish with a paving contract in 1988-1989. By utilizing the multi-year approach, FAA and State matching funds can be maximized. An example of this multi-year funding is developed in Table 1. for a three-year, four-year and five-year project.

Table 1. PROJECT FUNDING

	Total Project Cost	AIP Share (75%)	Enplane. Funds	Discret. Funds	FDOT Share (12.5%)	GOAA Share (12.5%)
3-Yr. Program	59,822,000	44,866,500	8,993,500	35,873,000	7,477,750	7,477,750
4-Yr. Program	61,194,000	45,895,500	13,095,500	32,800,000	7,649,250	7,649,250
5-Yr. Program	64,689,500	48,517,000	17,295,500	31,221,500	8,086,250	8,086,250

D. Recommendations

1. The design of the new 10,000 ft. runway and crossfield taxiways should begin in the third quarter of 1985 with the runway to become operational prior to 1990.

2. Coordination with FAA should begin immediately to achieve installation of an Instrument Landing Systems (ILS) and Approach Lighting Systems (ALS) consistent with the completion of the runway.

E. FINANCIAL/SCHEDULE

The third parallel runway and supporting taxiways are suited for either a three-contract, two-contract or one-contract construction project, depending upon availability of funds and the timing for the facility. For purposes of this study we have divided the project into three construction contracts. A description and cost estimate summary of each follows: (Costs are given in 1985 dollars.)

Contract No. 1 - Cleaning & Grubbing

Construction Cost:	$ 1,557,000
Eng., Adm., & C.M. (15%)	233,500
Contingency (10%)	155,500
TOTAL PROJECT COST	$ 1,946,000

Contract No. 2 - Site Work, Structures, Grading & Drainage

Construction Cost:	$13,953,750
Eng., Adm., & C.M. (15%)	2,093,000
Contingency (10%)	1,395,250
TOTAL PROJECT COST	$17,442,000

Contract No. 3 - Paving, Electrical & Final Grading, Crash/Fire/Rescue Station

Construction Cost:	$27,400,000
Eng., Adm. & C.M. (15%)	4,110,000
Contingency (10%)	2,740,000
TOTAL PROJECT COST:	$34,250,000

CONTRACT COST SUMMARY

Total Project - Contract No. 1	$ 1,946,000
Total Project - Contract No. 2	17,442,000
Total Project - Contract No. 3	34,250,000
TOTAL PROJECT COST: (1985 Dollars)	$53,638,000

In order to maximize the FAA AIP participation, the phased construction with multi-year funding is desirable. This multi-year funding and phased construction also provides two additional benefits -- first, the community will recognize the GOAA commitment to build the runway and, second, the runway will become operational in a timely manner so as to meet the forecasted demand.

While the existing Airport Improvement Program (AIP) will end during this time frame, it is anticipated that a similar program with comparable funding levels will be approved by Congress. However, a commitment from the FAA and Congress for funding once the program has started, should be pursued through the local Congressional Delegation.

To present a representative total project cost for the three, four and five year time schedule, an annual inflation factor of 7% was selected. Enplanements monies are shown as starting with the present $3.5 million with a growth at a constant 5% per year.

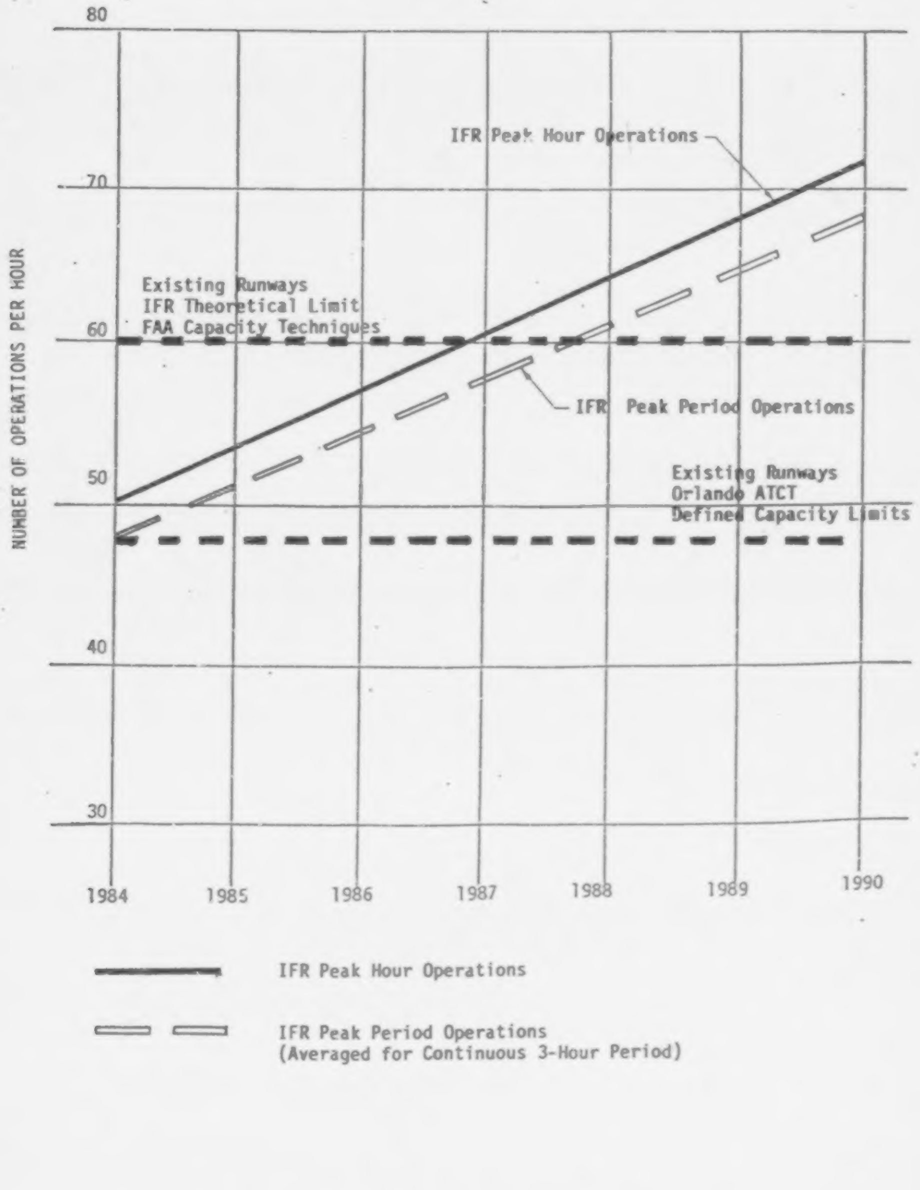
With these considerations, we have compiled three funding scenarios with a full 75% FAA participation and the 25% sponsor portion being equally shared by the Florida Department of Transportation (FDOT) and the Sponsor. These scenarios are developed in Table 1.

EXHIBIT A

ORLANDO INTERNATIONAL AIRPORT

Peak Hour & Peak Period Activity

THIRD RUNWAY CAPACITY



CONGRESSIONAL WITNESS

STATEMENT OF HON. HOWELL HEFLIN, U.S. SENATOR FROM ALABAMA

Senator ANDREWS. Our next witness will be Mr. Earl Dove of the American Trucking Associations, Inc., accompanied by our colleague, Senator Heflin.

Good to have you here, Senator.

Senator HEFLIN. Mr. Chairman, I am delighted to appear before this subcommittee and to introduce my longtime friend, Earl Dove, who is the first vice chairman of the American Trucking Associations, Inc.

He is the past chairman of Alabama Trucking Association and the chairman of the board of Triple AAA, Cooper Transportation, a regional common carrier trucking company based in Dothan, AL.

Mr. Dove is a great civic leader, a religious leader. He has been very active in the Alabama Baptist Foundation, been on the board of directors of Mobile College which is a Baptist college, and is a great citizen of our State.

He is very knowledgeable on transportation matters as indicated by the fact that he has previously served as vice president at large of the American Trucking Association and he has served in a number of capacities as a member of the Blue Ridge Special Carrier Committee to study the structure of the American Trucking Association, the Hughes Committee and chairs the Dues Restructure Committee as an outgrowh of the Hughes Committee.

It is a pleasure to present my friend, Earl Dove.

Senator ANDREWS. Let me explain, Mr. Dove, our colleague is well esteemed in this body. We serve together on the Agriculture Committee. We respect and admire him.

With the praise he has lavished on you I assume you are going to walk across the Potomac instead of taking a cab.

Senator HEFLIN. Next to Bear Bryant, he can walk on water.

Senator ANDREWS. Let me assure you your statement is already in the record in its entirety, so you can use most of your time to get those other great remarks in the record and that is wisdom your part.

You may proceed.

AMERICAN TRUCKING ASSOCIATIONS, INC.

STATEMENT OF S. EARL DOVE, FIRST VICE CHAIRMAN

Mr. DOVE. My name is Earl Dove. I am chairman of Triple AAA Cooper Transportation in Dothan, AL. I am also first vice chairman of the American Trucking Associations in whose behalf I appear here today.

I have submitted a detailed statement for the record. I would like to summarize that statement by concentrating on three specific points.

First, Congress must act quickly on the fiscal year 1985 supplemental budget for the Interstate Commerce Commission. As you are aware, Mr. Chairman, the Commission has instituted a program of 1-day furloughs of employees in order to meet the 1985 budget. These furloughs which are devastating to the ICC must be ended.

The agency has been directed by the Congress by statute to perform certain essential functions pertaining to the motor carrier industry. These functions cannot be adequately performed by a financially crippled Interstate Commerce Commission.

Second, Mr. Chairman, we are interested in seeing that the ICC continue certain data collection functions that are crucial to our industry.

We again commend the subcommittee for directing the ICC to continue the data collection function.

Third and finally, there is a lack of Federal emphasis on the policy level within the Department of Transportation.

At present ICC regulations are scattered throughout a number of Government agencies, none of which has a policy directive nor the expertise to adequately represent the motor carrier industry in this regard.

My time is short. Let me simply say that the DOT does not have in its administration clause rail, air, the shipping industry, and the urban transit industries. The motor carrier industry is not adequately represented at the policy level within DOT.

We urgently request that inequity be resolved.

We thank you for this opportunity to appear and express our views. We will be pleased to answer questions.

Senator ANDREWS. Thank you very much for an excellent statement, Mr. Dove.

We thank the gentlemen accompanying you.

[The statement follows:]

STATEMENT OF S. EARL DOVE

I. INTRODUCTORY REMARKS

Chairman Andrews and members of the Subcommittee. I am Earl Dove, Chairman of AAA Cooper Transportation, which is a general freight motor carrier regulated by the Interstate Commerce Commission (ICC or Commission). My company, which is based in Dothan, Alabama, operates in ten southern states and in 1984 had $66.4 million in annual revenue.

I am also the First Vice Chairman of the American Trucking Associations, Inc. (ATA). It is in this capacity which I appear before this Committee. As you probably are aware, ATA is the national trade association of the trucking industry. Through its affiliated trucking associations located in every state and the District of Columbia, as well as through its individual motor carrier members, ATA represents every type and class of motor carrier in the country, both for-hire and private. As such, it has a vital interest in ensuring that the Commission has the necessary funds and staff to fulfill its statutory duties.

ATA sincerely appreciates this opportunity to comment on the supplemental and fiscal year 1986 budget of the Commission.

II. SUMMARY OF POSITION

It is the position of ATA that any further reductions in the Commission's budget will jeopardize the agency's ability to carry out its regulatory functions delegated by Congress in the Interstate Commerce Act as revised by the Motor Carrier Act of 1980. Those functions which are of primary importance to the national transportation system are as follows:

(1) the licensing of motor carriers to ensure the fitness and ability of operators;

(2) the regulation of rates to ensure that shippers obtain reasonable prices and the motor carriers obtain a fair return on their investment;

(3) the evaluation of the continuing fitness of the motor carriers, including monitoring the insurance requirements to protect the interests of the public and owners of the cargo; and

(4) the collecting and disseminating of data to monitor the impact of regulatory and economic changes on the motor carrier industry.

Since the 1980 Act, the Commission's budget has decreased from about $79.06 million to $48 million in fiscal year 1985. Moreover, the number of full-time permanent staff employees has been reduced during this period from 2,000 to 914. Through these measures, Congress has carefully reduced the Commission's funding and manpower to a level consistent with its needs to efficiently and effectively perform its responsibilities. However, the Commission is now at a critical point. Further reductions will jeopardize its ability to carry out its mandate of promoting vigorous, but safe, fair and lawful motor carrier competition.

Continued budget reductions will harm providers and consumers of transportation services which are reliant upon the regulatory scheme. ATA believes that the Congress can best achieve the efficient and effective transportation system it intended under the 1980 Act by maintaining the current ICC budget, and appropriating specific funds and staffing levels for those ICC departments which perform the primary regulatory responsibilities.

III. COMMISSION'S PRIMARY RESPONSIBILITIES UNDER THE MOTOR CARRIER ACT OF 1980

In the Motor Carrier Act of 1980, Congress liberalized the requirements for obtaining motor carrier operating authority. Rate regulation was maintained, but varying rate pricing and options were promoted through specific changes. Increased motor carrier safety was sought through increasing the insurance levels and focusing on the fitness of applicants. Moreover, since Congress relaxed the regulatory constraints on entry and pricing, the need increased for financial and operating data on motor carriers for the ICC and Congress to monitor the effects of the economy, as well as regulations on the industry.

ATA submits that those ICC departments which have jurisdication over motor carrier data collection, tariffs, fitness, and enforcement should not now be subjected to reduced staffing. In fact, if Congress finds that other departments within the Commission are inefficient, it could consider transferring their funds to these primary areas.

A. Enforcement

ATA has a longstanding interest in motor carrier safety. The Commission's Office of Compliance and Consumer Assistance performs the all-essential functions of ensuring the fitness, including safety fitness, of motor carriers, the compliance with the insurance requirements, and the enforcement of other ICC regulations designed to protect the shippers and public interest. This responsibility has increased with the significant growth in the number of motor carrier operations and types of service. In fact, the Commission's current enforcement capability is stretched beyond its limit.

The Commission has the duty to ensure that prior to granting operating authority, the applicant is fit and able to perform the service. With questionable ICC enforcement capability, some individuals will operate without certification to the detriment of the public interest and safety.

This enforcement process is even more critical in the face of the substantial increases being experienced by carriers in their insurance premiums. It is not uncommon for these increases to average 200-300 percent. Such circumstances act as incentives for some carriers to unlawfully discontinue their insurance coverage. Without an adequate budget, the Commission will not be able to ensure compliance with the insurance requirements intended to protect the public and owners of the cargo.

B. Data Collection On Motor Carriers

The Commission's Bureau of Accounts performs the essential Commission function of collecting, evaluating, and disseminating motor carrier data. The data permits the ICC to fulfill its obligation to submit to Congress an Annual Report on the state of the motor carrier industry. In addition, the Commission has used this data to prepare other timely studies on the industry, such as case studies on small community general freight service and a report on the effects of the recession on the motor carrier industry.

Furthermore, the ICC should be using this data in analyzing the need for and effectiveness of its regulation of the industry. The elimination of this data would result in future regulation of the motor carrier industry by an agency which would have no way of determining the state of that industry nor the effects of the agency's actions upon the industry.

Moreover, these data are required by other government agencies to monitor the performance and structure of the industry. For example, the Department of Transportation used ICC data to produce reports on the effects of deregulation, the causes of motor carrier bankruptcies, and its National Transportation Statistics Annual Report. The Department of Commerce similarly uses ICC data for its Statistical Abstract of the United States. In addition, the General Accounting Office's (GAO) ability to prepare its June, 1983 report to Congress on changes in the household goods moving industry since the Household Goods Transportation Act of 1980 was largely dependent on the availability of the ICC data. In fact, in that report GAO complained that the current lack of financial and operating data on the household goods movers forced it to render an incomplete report to Congress. The lack of complete data is due to elimination of data gathering on large segments of the motor carrier industry by the ICC based on reductions in funds and staffing.

ATA is currently engaged in a long range project to determine the feasibility of private collection of motor carrier data. Preliminary observations cast very serious doubt on the resultant completeness and accuracy of such a data collection method which obviously will be much more limited than the Commission's.

To ensure the efficient and effective collection of this vital data, Congress should not only appropriate an adequate Supplemental and Fiscal Year 1986 Budget but also direct the ICC to continue its present data collection practices.

C. Rate Regulation

The Commission's rate regulation function is performed by its Bureau of Tariffs and the Office of Proceedings.

The 1980 Act continues to require the ICC to oversee motor carrier rates, both individual carrier rates and those set collectively. Congress maintained, with certain limitations, the statutory provisions allowing motor carriers to engage in the collective making of rates and commodity classifications pursuant to agreements approved and monitored by the Commission. Congress also expressly guaranteed motor carriers the right to independently effectuate their rates and encouraged carriers to provide innovative new rate and service options.

The combination of limited and monitored collective ratemaking, with greater pricing flexibility and freer entry, has been a pro-competitive factor for the motor carrier industry and shipping/receiving interests.

An important element of this regulatory/competitive economic policy involves effective ICC overview of carrier rates. For example, for the ICC to determine the appropriateness of a general increase in carrier rate structures it must have the resources, including not only personnel but substantial and reliable data to evaluate carrier financial and operating conditions and the need for major rate adjustments. Similarly, the ICC financial data must be available and analyzed to ensure that individual rates are not unreasonable nor destructive. This process protects the interests of both providers and consumers of the transportation services.

This collective ability of motor carriers to discuss, arrange, and disseminate transportation rates and services is a procompetitive feature of the new regulatory process which also assists the Commission in meeting its statutory obligations. To effectively protect the public interest the Commission must have an adequate staff to evaluate and monitor the pricing actions of carriers, both collective and independent. This important ICC function would be virtually neutered by inadequate budgetary levels to the detriment of the public interest, shippers and the transportation industry alike.

IV. THE NEED FOR A MOTOR CARRIER ADMINISTRATION

ATA would also emphasize that in addition to adequate funding for the ICC there is a complementary need to establish a Motor Carrier Administration within the Department of Transportation (DOT). The creation of such a DOT Administration would serve several important functions.

First, the centralization of DOT's motor carrier activities, largely in the area of safety, will save the government money and also promote efficiency. Currently, the safety programs are dispersed throughout the DOT. The Bureau of Motor Carrier Safety is in the Federal Highway Administration, the Heavy Truck Research Group is a part of the National Highway Traffic Safety Administration, and the

Materials Transportation Bureau is in the Research and Special Programs Administration. The consolidation of these departments will provide a coherent, streamlined structure that will save the government money and enhance regulatory efficiency.

Second, and as important to ATA, the motor carrier industry is the only mode without a modal administration. Yet, it hauls more freight, travels more miles, employs more people, and pays more taxes than any other mode. Equity demands that our industry receive equal representation through the establishment of a Motor Carrier Administration.

V. CONCLUSION

ATA has consistently urged Congress to provide the Commission with adequate appropriations to enable it to fulfill its delegated responsibilities in an efficient, reasonable and expeditious manner. The Commission's primary functions involve the regulation of rates, data collection and reporting, the monitoring of carrier fitness, and the enforcement of regulations intended to protect motor carriers and the public from unsafe, unlawful and unfair practices.

ATA urges this Committee and Congress to provide the Commission with adequate supplemental appropriations for this year and for the fiscal year 1986 to ensure the funding which is necessary to provide the staff and resources to carry out these essential functions.

Thank you for your time and consideration of ATA's position on this matter. I would be pleased to answer any questions which you might have.

METROPOLITAN TRANSIT AUTHORITY OF HARRIS COUNTY, TX

STATEMENT OF JOHN J. KING, CHAIRMAN

ACCOMPANIED BY ALAN F. KIEPPER, GENERAL MANAGER

Senator ANDREWS. We will next hear from Mr. John King, the Metropolitan Transit Authority of Harris County, TX.

Mr. King, it is good to see you again. Your entire statement will appear in the record as if read.

Mr. KING. In lieu of having a Senator introduce us, we will just deal with a king, if you don't mind.

Senator ANDREWS. That is all right. We understand about royalty.

Mr. KING. I would like to say we came, we asked for $85 million and we left with a check. I think that may be too brief a statement, but I think the Senator is aware that Houston Metro is seeking to complete the funding on two projects, two freeway projects; bus transitways for $210 million.

Houston has proposed to fund 50 percent of that. This is an $8 million project. As the Senator is well aware, $35 million was earmarked out of this committee in conference last year. The remaining funding is $65 million to finish those two projects.

We are here again to urge that those projects that have been highly rated by UMTA as cost-effective projects, have substantial local support in terms of 50 percent of the funding from local services and they are very cost effective at $8 million a mile, we are in a position to finish those projects in fiscal year 1986 in terms of funding and would like to urge the Senate's support for those projects.

I would like to say that Houston's image, probably a self-serving statement, I believe that the image of Houston is considerably improved since June 1983 when the Senator is well aware that Houston Metro lost an election.

We see a dramatic turnaround in that Houston by virtue of this performance, thanks to the general manager, Alan Kiepper, who is here with me today, and we are having substantial community support for Metro in its current plans.

We look forward to seeing the Senator in Houston in the future, who I know has looked at our projects and I hope they will find favor with him and in this committee.

Senator ANDREWS. Thank you for an excellent statement. Let me ask one question.

If the administration's proposal of distributing capital funds was adopted, would Houston proceed with its planned level of activity?

Mr. KING. No.

Senator ANDREWS. Thank you.

[The statement follows:]

STATEMENT OF JOHN J. KING

Good morning, Mr. Chairman, and members of the Subcommittee. It was almost a year ago precisely that I addressed this distinguished panel as the new Chairman of the Metropolitan Transit Authority of Harris County, Texas (Houston METRO). I take personal pride in METRO's accomplishments during the past year and am pleased to come before you to discuss our transit plans for the Harris County region and new start funding request for the coming fiscal year.

I am accompanied today by Alan Kiepper, the Authority's General Manager. Alan has been with METRO for almost three years and is largely responsible for the turnaround in METRO's performance which, since 1982, has been quite dramatic. In a few minutes, Alan will describe these efforts and our near term capital expansion plans, but before introducing him I would like to explain our new start project and funding request for fiscal 1986.

Northwest/Southwest Transitways

In March 1984, Houston METRO made application with the Urban Mass Transportation Administration (UMTA) for construction of two new transitways on our Northwest and Southwest Freeways (Appendix A). In this application, we requested Section 3 discretionary funding from UMTA in the amount of $105 million over the period FY 1984-1986, or half the total project cost of $210 million. Given the need for immediate relief from freeway congestion in Houston, METRO committed to construct these two transitways on an accelerated basis and structured the funding request in order to satisfy the construction timetable.

Of the total Section 3 request of $105 million, Congress appropriated $5.5 million in fiscal 1984 for this project and approved additional funding this year of $35 million, which is contained in the FY 1985 Continuing Resolution. Since last year, we have made considerable progress in the development of these transitways and are now in position to request $65 million in fiscal 1986 funding in order to complete this project. Let me explain the background of the request.

The Northwest transitway spans U.S. 290 in Houston and will run 13.5 miles in length at a total construction cost of $105 million. It will provide 12 miles of single lane reversible transitway and another 1.5 miles which is two-lane and two-directional. This past spring, UMTA approved the environmental assessment for this project and authorized the Authority to enter the preliminary engineering and land acquisition stage with $5.5 million in fiscal 1984 Section 3 money. Preliminary engineering is now complete and the Authority has requested authorization from UMTA to begin design and construction. In addition to a portion of METRO's FY 1986 funding request, we intend to utilize the full $35 million in the FY 1985 Continuing Resolution for the construction of this particular transitway.

When complete and fully operational in 1987, the Northwest Transitway will save commuters up to 30 minutes in downtown travel time from suburbs in the outer NW section of the city. By the year 2000 we project that this transitway will carry over 9.3 million riders annually -- the rush hour equivalent of up to 3.3 freeway lanes of vehicle traffic.

Our FY 1986 funding request of $65 million will also be utilized for design and construction of an 8.5 mile exclusive transitway on the Southwest Freeway (U.S. 59), one of the nation's most heavily traveled and congested traffic corridors. With the cooperation of UMTA, Federal Highway Administration and the Texas State Department of Highways and Public Transportation, we are now preparing the preliminary Environmental Impact Statement for this transitway and will begin preliminary engineering work this summer.

When fully operational in 1989, the Southwest Transitway will cut by approximately two-thirds total rush hour travel time from the western limits of the city to the I-610 Loop. Commuters presently spend an average of 31 minutes for this trip. In 1989, it will take only 9.4 minutes inside the transitway.

These two transitways are highly rated by UMTA for cost effectiveness purposes and we are hopeful they will receive priority treatment in the allocation of scarce federal funds in 1986. This project is an important part of METRO's rapidly improving and expanding bus service in Houston. It is supported by an aggressive capital development program which calls for the procurement of new and modern buses along with construction of first-rate maintenance facilities, park and ride lots and transitways. I would now like to ask Alan Kiepper to describe the elements of this program.

METRO Five-Year Capital Program (FY 1985-1989)

Thank you, John. I am especially pleased to be able to discuss the improvements made in METRO's service in recent years. More important, however, are our plans for the next five years. As John indicated to you, we have witnessed a significant improvement in our performance during the past few years and expect similar progress through the balance of the decade.

In terms of performance measures, we are making substantial headway in virtually every category. METRO's on-time performance increased from 39% in fiscal 1981 to 95% in 1984. During the present fiscal year our goal is 96%, a level we are exceeding at the current time. Likewise, our accident rate has fallen from 9.2 accidents per 100,000 miles in 1981 to 2.8 this past year and miles between road calls increased from 513 miles in 1981 to over 4400 miles in 1984. We should exceed 4,700 miles in 1985.

All told, these performance measures are impressive and are helping the Authority boost its ridership by a significant amount on a year-to-year basis. In 1984, we carried some 57.5 million passengers, a 14% increase over 1983. Indications are this year we will carry over 67 million passengers, an increase of 16%.

These steady improvements in patronage reflect solid public recognition of the Authority's on-time performance, safety, cleanliness and reliability -- qualities for which we are justly proud.

In an area such as we have, which is rapidly expanding to accommodate a growing population and which traditionally has been without adequate transit service, there isn't time to rest on past accomplishments.

We have an aggressive five-year program ahead of us. To accomplish this, we expect to spend a total in capital funds over the next five years of $676 million. We now have a fleet of almost 900 buses which will grow to over 1400 by the start of the next decade. In addition, METRO will develop three new bus operating facilities at a cost of almost $60 million, add 11 new park and ride lots and will complete approximately 70 miles of transitway on five freeways.

Transitway operation began in Houston on the Katy (I-10) and North (I-45) freeways in 1984, providing our first evidence of ridership demand (Appendix A). The North Freeway transitway, currently 10 miles long, carries over 16,000 commuters daily--the equivalent of two adjacent freeway lanes in peak hours. Commuters save 15 minutes on each trip. A second transitway on the Katy Freeway opened last fall. After six months of operation, this initial segment already moves 5,500 commuters daily. The development of the transitways has forged a close working relationship between METRO and the State Highway Department, yielding transit benefits which can be economically obtained alongside major freeway rehabilitation programs.

We recognize that the federal government's role in transit is changing and are prepared to assume a greater responsibility for funding our projects, along with capital support from the State Highway Department. We trust, however, that federal funds will continue to be available for our capital program and take pride in our ability to match these dollars and use them in such a way that the Congress and the Administration will regard transit expenditures in the Houston area as a sound and well-protected investment.

The projects I have just mentioned are part of our long range plan which is now under discussion by citizens throughout Harris County. I would now like to have Chairman King discuss METRO's efforts to obtain a public consensus on future transit plans for the region.

Development of a Regional Transit Plan

In order to coordinate both the near term development and long range implementation of a transit program to serve all citizens in METRO's service area, METRO embarked on a program last year to build from the ground up a long range transit plan which is realistic, financially achievable and citizen-endorsed.

In October 1984, the Board proposed three plan options for discussion by the public (Appendix B). Initially, we went out and sought public opinions concerning the kind of transit system best suited to Houston's transportation requirements and financial capabilities. With this information in hand, METRO's staff and other state and local agencies worked diligently to come up with the regional transit proposals now under discussion.

Each of the options involves approximately 200 miles of rapid transit, which consists of both transitway and light rail, at a construction cost in excess of $3.5 billion for the period 1984 through 2008. Each of these plans will serve the commuter during rush hour periods as well as the ordinary city bus rider who uses our service as his primary means of transportation.

The planning process has indeed been intense. We are working closely with all local government jurisdictions, as well as state and federal elements. The regional planning process has the full support and participation of our key local political leaders including Mayor Kathy Whitmire, Harris County Judge Jon Lindsey and State Highway Commission Chairman Bob Lanier. Our efforts, however, have not focused only on the community's leadership but on the average citizen as well.

We have carefully examined the background of voter rejection of METRO's heavy rail plan in June 1983 and are convinced that a lack of public confidence in the Authority was the primary reason for this defeat. Recent polls indicate that we are gaining ground. Lance Tarrance & Associates in January 1985 found that 41% of area residents rated METRO's performance in the good to excellent category as compared to 12% in January 1981. We are doing everything possible to see that this sharp upward trend continues.

Community Involvement in the Planning Process

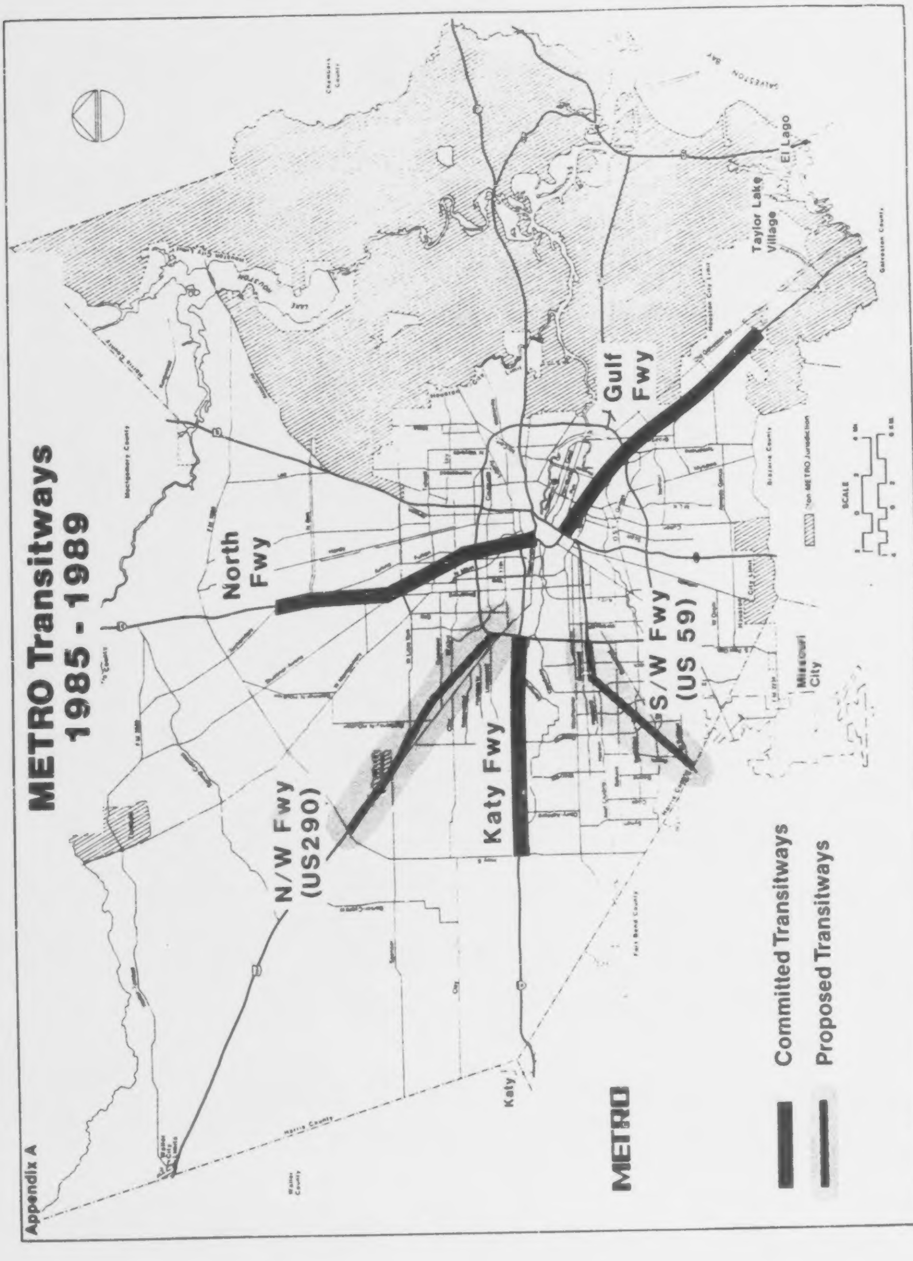
Since releasing our long range plan options in 1984, METRO's staff and Board of Directors have participated in over 600 community meetings, addressing more than 18,000 persons on a face-to-face basis. Reams of printed materials have also been distributed to the public as part of the information dissemination and decision-making process. Included among these, for example, have been over one million newspaper supplements delivered to area residents and over 100,000 pamphlets mailed to individuals. A monthly television program has also been initiated to help stimulate community dialogue.

This effort was strengthened when the Board this year scheduled 11 back-to-back Wednesday night meetings in various parts of the service area. In virtually every traffic corridor, leaders of community groups, civic organizations, and business associations came out in large numbers to let us know their viewpoints on which plan should be adopted by METRO.

As a result of the Board's meetings in the community -- as well as information about other meetings from staff, attitude surveys, and written responses, we think we have a good feel for what the citizens of our service area want. Our intent is to take that input, mesh it with the technical expertise of our staff, apply sound common sense judgements and adopt an affordable, workable transit plan this year. We'll then ask for citizen support in a major referendum so that Houston can finally begin building the kind of mass transit system that it must have to sustain a favorable quality of life and healthy economy in future years. This election could be held in the spring of 1986.

Throughout the development stages of our regional transit plan, we have sought to involve the public closely in all phases of our planning activities. There are many reasons why we did this, but the most important one is that without genuine, grassroots support, our plans for the future will not succeed. We believe we have that kind of support, and are eager to get on with the tasks at hand - initially a referendum and then implementation.

Alan and I, including METRO's Board and its staff, appreciate your past support for our efforts. We regard the Subcommittee as a partner in our progress and respect and value highly the relationship we share with you to provide cost effective transit service to the residents of Houston and Harris County, Texas. As the federal budget takes shape in the coming weeks we look forward to working with you on a sound and thoughtful approach to Houston METRO's transit funding needs in the coming year.



Appendix A

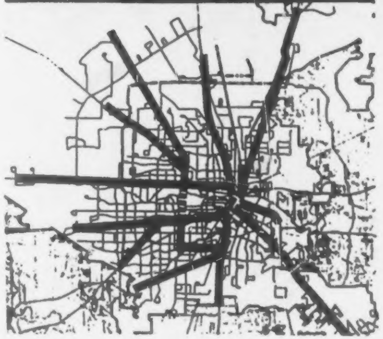
METRO Transitways 1985 - 1989

North Fwy
Gulf Fwy
N/W Fwy (US290)
Katy Fwy
S/W Fwy (US 59)
Katy
Missouri City
Taylor Lake Village
El Lago
Galveston Bay
Montgomery County
Chambers County
Waller County
Harris County
Fort Bend County
Brazoria County
Galveston County
Non METRO Jurisdiction
SCALE
METRO
Committed Transitways
Proposed Transitways

Appendix B

Proposed Regional Transit Plan Options

Option A



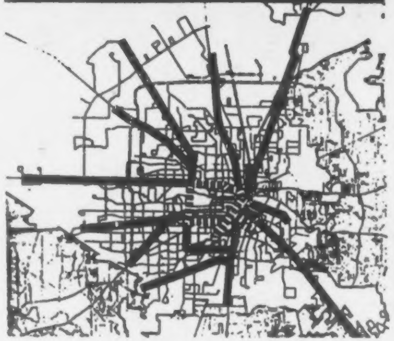
Busway System
(1984-2008)

Integrated Network of:

- 2700 Buses and 40 A.G.T.* cars
- 100 Miles of Median Busways
- 86 Miles of Independent Busways
- 4.5 Miles of A.G.T.*
- Total of 190.5 Miles of Transit
- Cost - $3.5 Billion in Constant 1984 Dollars
- Bond Requirement-$713 Million (Inflated $)

*Automated Guideway Transit

Option B

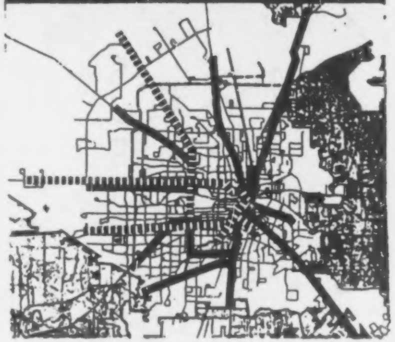


Busway/LRT Loop
(1984-2008)

Integrated Network of:

- 2215 Buses and 243 Light Rail Cars
- 97 Miles of Median Busways
- 80 Miles of Independent Busways
- 28 Miles of Light Rail Transit Connecting Major Employment Centers
- Total of 205 Miles of Transit
- Cost - $3.8 Billion in Constant 1984 Dollars
- Bond Requirement-$225 Million (Inflated $)

Option C



Busway/LRT System
(1984-2008)

Integrated Network of:

- 1900 Buses and 296 Light Rail Cars
- 97 Miles of Median Busways
- 36 Miles of Independent Busways
- 75 Miles of Light Rail Transit Connecting Suburbs to Employment Centers
- Total of 208 Miles of Transit
- Cost - $3.7 Billion in Constant 1984 Dollars
- Bond Requirement-$159 Million (Inflated $)

NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS

STATEMENT OF C.A. [CLAY] WILKINS, EXECUTIVE DIRECTOR, TEXAS AERONAUTICS COMMISSION, PRESIDENT

Senator ANDREWS. Let me next call Mr. Clay Wilkins, representing the National Association of State Aviation Officials.

Mr. Wilkins, it is good to hear from you.

Mr. WILKINS. Mr. Chairman, I appreciate the courtesy you have extended to us to go ahead. I am Clay Wilkins, presently serving as president of the National Association of State Aviation Officials.

I am the executive director of the Texas Aeronautics Commission. The membership is the aviation agencies of 48 States plus Puerto Rico and Guam.

I want to say our association endorses the joint testimony that will be given to you later in these hearings by John Winant of the National Business Aircraft Association.

Sir, we know that there is a need for fiscal restraint. As Government officials, we in NASAO are confronted with similar circumstances at the State level as you do at the Federal level. That is a wrenching dilemma providing a safe and viable public air transportation system within funding constraints.

It is imperative, however, and we feel, without meaning to be presumptuous on our part, that we have to be insistent that moneys from the aviation trust fund be fully appropriated as intended by Congress to assure that the required service, capacity, and safety necessary for our future air transportation system is not denied.

We appreciate the opportunity for you to let us make comments and file our total report with you.

Thank you for your courtesy.

Senator ANDREWS. Thank you very much.

[The statements of Mr. Wilkins and Ms. Suzette Matthews follow:]

STATEMENT OF C.A. (CLAY) WILKINS

I am C.A. (Clay) Wilkins, Executive Director of the Texas Aeronautics Commission, and President of the National Association of State Aviation Officials (NASAO). With me is Robert T. Warner, our Executive Vice President.

We are pleased to have the opportunity to present the views of the NASAO membership on the FAA Fiscal Year 1986 budget proposals. NASAO represents the aviation interests of 48 states, Puerto Rico and Guam. Our members are the government agencies responsible for the promotion and regulation of aviation in the states. Our members' agencies are supported by public and user tax revenues. Therefore, we have an obligation to both the public and the direct users of the airports and aviation services within the states. It is for this reason we take an active interest in all aviation-related funding.

NASAO has particular interest in the airport development functions of the FAA. We are, indeed, a true partner with the FAA in the planning, implementation and maintenance of a strong system of airports. Many states have also identified aviation needs in excess of those designated by the federal government. These include airport facilities, navigation aids, aviation education and weather briefing and observation equipment. Many states have developed considerable expertise in the planning for and real-time accommodation of these identified needs.

For these reasons, NASAO is in general agreement with the FAA's fulfillment, through the fiscal process, of its mandated responsibilities. However, we do take exception to the manner in which certain programs are carried out.

Our testimony will address specific program directions and funding levels where we believe improvements are necessary as well as positive reinforcement in those areas in which the states believe FAA is headed in the right direction.

AVIATION TRUST FUND

NASAO and its member states are extremely concerned about Administration proposals to suspend interest payments to the Aviation Trust Fund (ATF) and eliminate the Congressionally-imposed penalty formula on the use of ATF monies for operations and headquarters administration. The proposal to increase to $2.043 billion the amount of ATF for use in operations and administration, we believe, is well beyond the intent of Congress and does not demonstrate good judgment in the responsible care of the revenues put "in trust" by the direct users of the system.

As you may recall, NASAO was among those who did not resist the "reasonable" use of Trust Fund monies for the operation and administration of offices and programs which specifically support the airport and airway improvement functions of FAA. However, over the years, the erosion of this principle has seen more and more capital development money being moved into the operations budget. While we recognize the considerable concern over the current and growing federal deficit, we do not believe the ATF should be adulterated for unified budget balancing purposes.

Furthermore, the current proposal to suspend the interest payments into the trust fund, effectively could deny the aviation community and the general public the opportunity, in FY '86 alone, for $790 million of additional - needed - funds for airport development and ATC system enhancements. In recent years, this interest payment has accounted for 20% of the trust fund revenue. This is not an inconsequential amount. NASAO is strongly opposed to such a change purely on philosophical grounds and urges this Committee to protect the integrity of the Aviation Trust Fund.

AIRPORT PROGRAMS

At the outset, we should reinforce the fact that the states are both a conceptual and financial partner with FAA in the development of a strong national system of airports.

The only difference NASAO members have with FAA in this regard is in details concerning the execution of a common obligation. We firmly believe that aviation is THE national inter-city transportation system and deserves the careful and coordinated attention of the federal, state and local governments, as well as the input of the users.

NASAO is encouraged to see the Administration request for full funding of $1.017 billion for airport development in the FY '86 proposal. The aviation community's confidence in the execution of the federal program is certainly at a low ebb. In the program years of the 1970 Airport and Airway Development Act, FAA fell $899 million short of investing Trust Fund money in the development of airports as envisioned and authorized by Congress. As you are aware, the last two years have continued a trend of Administration requests for airport aid being short of Congressionally-authorized levels.

This year's request is an important improvement and emphasizes the need for the full funding of airport development in this time of continuing and growing capacity questions.

The solutions to current capacity problems of major hubs are doubly important to all states, since we share the concern of the specific hub and fully recognize the necessity of non-discriminatory access to these hubs to assure that a "system of airports" is adequately serving all communities. We encourage Committee strength in accommodating the desperate airport needs by approval of the full funding request.

Airport System Planning

NASAO continues to believe there is room for improvement in the manner in which the FAA plans for and accommodates airport needs. State aviation system planning - while encouraged, partially funded and then approved by the FAA - is not being effectively utilized in the development of a national system plan. Our conclusion is reinforced by the Office of Technology Assessment August 1984 report on airport system development.

We, as many others, await - impatiently - the release of the National Plan of Integrated Airport Systems (NPIAS) due to Congress in September of last year. Much of the state development activity of aviation facilities hinges on knowing what is in the NPIAS. We urge Congress to press the DOT for the early release of the NPIAS. We also hasten to remind the Committee that one major reason for NASAO disagreement with the NPIAS structure is that the NPIAS is a "plan" rather than a "program."

The distinction is also pointed out in the OTA report - a plan lacks strong priorities or specific timetables, as well as funding commitments. A program, of course, would include such important elements. Most state documents do.

Safety and Capacity Improvements

There are three specific items, which carry safety and/or capacity-enhancing ramifications, which we must touch on: precision approach instrumentation, non-routine maintenance of airport surfaces and the Automated Weather Observing Systems (AWOS) equipment.

NASAO would like to compliment the FAA on its funding request for 126 AWOS facilities. Particularly important is the fact that these facilities will be placed where there is currently no weather observation service. There continues to be some dissension by various segments of the aviation community about certain elements of these automated facilities. Some say the system has not developed far enough to replace human observers. However, a number of states now have operational experience with many, less sophisticated versions of AWOS, and we encourage putting the proven technology in the field as soon as possible. Locations currently without observing capability should, as FAA plans, be the first to receive this equipment.

The question of the funding of non-routine maintenance of runways and taxiways is an increasingly visible one. This question, currently being researched within DOT and FAA, has the interest of the state aviation officials since we are both operators of airports as well as applicants for federal rehabilitation funds. Of course, we are not asking this Committee for specific judgement on this subject other than an awareness that an investigation of this subject is underway and will probably be discussed in the near future.

Our final item is the subject of the interruption of precision approach implementation caused by the current Microwave Landing System (MLS) and Instrument Landing System (ILS) debate and procurement delay.

NASAO endorses the recent recommendation by the Air Transport Association (ATA) that specifies the "interim" - but immediate - installation of ILS at numerous major airports to accommodate existing or short-term capacity problems. NASAO shares the concern of ATA and others that the multi-year delay in getting MLS into the field and the operators equipped is too long a hiatus at many airports. There are desperate needs of capacity improvements at the major hubs. Further, many communities continue to be denied improvements in airport utility since Administrator Helms' abrupt discontinuance of the ILS implementation plan. We seek the Committee's specific attention to this Administration oversight in meeting immediate needs.

Economic Efficiencies

There are two programs that require comment by state agencies because of their economic ramifications. Unfortunately, we can agree with FAA on only one of the subjects - the contract ATC tower program. The other subject - a recent FAA action to remove an economical visual aid device, Pulsed Light Approach Slope Indicator (PLASI), from the FAA funding eligibility list, is an additional and unnecessary cost in the opinion of many of our members.

NASAO has been on record as a proponent of the careful contracting-out of low-activity control towers. Because of the proven cost-savings of such a move, we continue our cautious endorsement of this program. Our "caution", however, is simply that there must be strict federal-level criteria for tower establishment based on specific activity levels and there must be careful FAA-monitoring for consistency of ATC procedures.

The recent PLASI decision by FAA has stirred substantial controversy, since the system was only approved as a funded project two and a half years ago. This action provoked a NASAO survey of its membership which, by a slight majority, took exception to FAA's rather rapid turnaround on this issue without consulting those affected by this action.

We appreciate the possible rationale of international standardization for insisting on precision approach path indicators (PAPI) at international hubs. However, the 1986 budget request for F&E funding of 34 PAPI locations averages $87,829 per copy. This is completely out of the reach of most state-assisted general aviation airports.

A number of our members have suggested a federal mandate of equipment type only at international airports. They believe some latitude for equipment selection by the other funding bodies (states and airport operators) within safety-driven criteria for most other airports is in order. We have requested a dialogue with FAA on this subject.

FAA/STATE PARTNERSHIP OPPORTUNITIES

There are two major FAA projects in which the NASAO membership has great interest and which deserve further discussion: the use of

LORAN-C as a recognized aviation navigation system and the long-overdue modernization of the Flight Service Station (FSS) system.

Progress for the modernization of the FSS system has been painfully slow- fraught with technical, political and economic setbacks. The aviation communities' frustration with the progress -or lack of it- is shared by the state aviation agencies. Many states have begun weather dissemination projects on their own to fill an identified void in this vital safety service to aviation.

Those states which are most active in these projects have had tremendously positive results in contracting to private providers of service. NASAO has been among those organizations that have encouraged FAA to consider this option as an interim - or even final - solution to the difficult task of attempting to design, plan, implement and operate an information dissemination system in this period of rapid technological change.

We are concerned, however, with the current stoppage of any progress awaiting the outcome of a financially-motivated study to consider privatization of the FSS function. We are aware of this study's research and the negative reaction of the aviation community to a suggestion of privatization of an inherently governmental function. Substantial safety concerns and questions of standardization of operation and weather products have been raised. NASAO shares these deep concerns.

On a positive note, NASAO is encouraged by and totally endorses the FAA request for LORAN-C ground-based monitors and airborne units for FAA flight inspection aircraft. NASAO is currently involved in a major project - with the full cooperation of the FAA - to utilize existing navigation signals and the aircraft operators' voluntary equipage with the versatile LORAN-C equipment. LORAN-C has been FAA-approved for VFR and IFR enroute navigation for a number of years. Now, aircraft operators and many airport operators are asking for operational testing of the applicability of widespread use of LORAN-C for non-precision approach capability. Literally thousands of communities across the country, currently denied any IFR utility, stand to gain from this project. NASAO is proud to be an enthusiastic partner with an FAA that has, in this case, been user-responsive.

SUMMARY

In conclusion, NASAO has no major quarrel with the FAA FY '86 requests. We certainly acknowledge the need for fiscal restraint in these uncertain economic times. As government officials, we are confronted with the same environment at the state and local level - a wrenching dilemma of serving the public with a viable aviation system within severe fiscal constraints.

It is imperative, however, that we work together at all levels of government to assure the required safety, capacity and service necessary for the future of our transportation system is not denied. NASAO appreciates the opportunity to comment on these proposals and we look forward to a continuing participation in the process.

STATEMENT OF SUZETTE MATTHEWS, GENERAL COUNSEL, AIR TRAFFIC CONTROL ASSOCIATION, INC.

Mr. Chairman, I am Suzette Matthews, General Counsel of the Air Traffic Control Association, Inc. ATCA is a professional association which has as its goal advancements in the science and profession of air traffic control and aviation safety. ATCA's membership consists of air traffic controllers, air traffic and flight service specialists, pilots, and other persons, corporations, and organizations engaged in the development, operation, maintenance and use of the National Airspace System.

ATCA appears before you today to express its support for full authorized funding for the Airport Improvement, Facilities and Equipment (F & E) and Research, Engineering and Development (RE & D) aspects of the National Airspace Plan ("NAS Plan"). The Electronics Industry Association also subscribes to the remarks I am making today.

The Airport and Airway Improvement Act of 1982 directed the Administrator of the Federal Aviation Administration to formulate a National Airways System Plan, setting forth a ten-year investment program for research, engineering, and development, and the facilities and equipment necessary for a system of airways, air traffic services, and navigation aids which will meet the forecasted needs of civil aeronautics, meet the requirements in support of the national defense, and provide the highest degree of safety in air commerce. The 1982 Act also authorized Congress to appropriate nearly $11.6 billion in cummulative steps through fiscal year 1987 for airport improvements, and facilities and equipment, and up to $1.69 billion for research, engineering and development and demonstrations.

To date, however, funding for the facilities and equipment, and research and development aspects of the NAS Plan has lagged behind levels authorized by statute. Although the 1982 Act authorized Congress to appropriate up to $3.786 billion for facilities and equipment through FY 85, only $2.996 billion was appropriated -- $750 million behind authorized levels; in FY 83, 84 and 85, appropriations for RE & D lagged $31, $23 and $5 million behind authorized levels, respectively.

The Administration's requested FY 86 funding levels for FAA equipment and facilities, and for research, engineering and development, threaten to allow implementation of the NAS Plan to fall even further behind schedule. Although the 1982 Act authorizes funding for F & E up to $5.163 billion through FY 86, the requested level of $1.146 billion for FY 86 will mean a cummulative lag of over $1 billion behind the authorized levels; similarly, the requested funding for RE & D ($196 million) is $18.5 million below the level authorized by Congress.

In pursuit of its organizational goals of encouraging advancements in the science of aviation safety and air traffic control of the kind and quality required by the commerce of the United States, the Postal Service, the national defense and general welfare, and promoting safety and efficiency of the NAS, ATCA is vitally concerned that adequate funding be made available to assure timely completion of the NAS Modernization Plan mandated by the Airport and Airway Development Act of 1982. Although ATCA and EIA wholeheartedly support the Administration's effort to assure that the majority of NASP projects are adequately funded to remain on track, both organizations support the funding necessary to keep all NAS modernization projects on schedule -- a funding level over the amount recommended by the Administration for FY 86. ATCA and EIA agree with Congressmen Norman Mineta (D-Calif.) and John Paul Hammerschmidt (R-Ark.) that, at the very least, the full amount authorized for FY 86 by the 1982 Airport and Airway Improvement Act ($1.377 billion) should be appropriated for FY 86 F & E expenditure.

ATCA and EIA are vitally concerned that inadequate funding for the NAS Plan in FY 86 will cause projects which are vital to maintaining and improving safety and efficiency of the NAS to slip, thereby eroding the benefits and economies that otherwise would result from timely completion. As stated by Frederick Hudoff, Vice President and Program Manager of Martin Marietta Corporation, Systems Engineering and Integration Contractor for the NAS Plan, schedule slippage is a major risk to NAS. Mr. Hudoff noted that "costs will grow, and benefits will not be available" to users if the schedule for implementation of the NAS Plan is delayed significantly by budgetary constraints.[1]

Although the FAA has stated that major NAS Plan projects including host computers, advanced automatic system, terminal radar ASR replacement/leapfrog, systems engineering and integration, and voice switching and control system, will proceed on schedule with funding levels that the Administration proposes, ATCA and EIA are concerned that the Administration's reduced FY 86 funding proposal will result in delays to implementation, and thereby erode the benefits that otherwise would be available through, timely implementation of certain other programs, particularly programs designed to provide improved weather information.

Specifically, the Administration's FY 86 funding proposal will mean a slippage of approximately four years in installation of the Automated Weather Observation System (AWOS). AWOS would provide automated surface observations at flight service stations, airports with tower, and airports with precision landing approach systems (ILS/MLS). This information would be disseminated directly to pilots and to the National Weather Service.

In addition, FAA has deleted from its FY 86 budget proposal funding for limited production of the Next Generation Weather Radar (NEXRAD).[2] Present weather detection systems can only detect and display the location and intensity of precipitation. They do not provide any altitude information, nor do they detect the presence, location, and altitude of such hazardous weather phenomena as turbulence, downbursts, and windshear. NEXRAD will detect, and provide accurate and useable information on, storm locations and movement, hail, high winds, turbulence, and low level wind shear. NEXRAD doppler weather radar systems would meet the FAA's en route weather detection needs, as well as the weather detection needs of the National Weather Service, and the U.S. Air Force Weather Services.

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[1] See Mr. Hudoff's Testimony before the Subcommittee on Transportation, Aviation, and Materials, of the House of Representatives Committee on Science and Technology, March 19, 1985.

[2] NEXRAD is a joint project of the FAA and U.S. Departments of Commerce and Defense, all of whom share in its costs.

Precise, up-to-the-minute weather reporting is absolutely essential to safe navigation of commercial, military, and general aviation through the NAS. Weather conditions were cited as factor in forty-eight percent of general aviation accidents which occurred during a recent seven-year period; weather is cited as a factor in over forty-percent of aviation accidents generally. Microbursts were a factor in at least two major commercial airline disasters -- one at Kennedy International Airport in 1975 killing 112 persons, and one at New Orleans killing 163 persons in 1982. ATCA and EIA agree wholeheartedly with Administrator Engen's assessment, in his oral testimony on March 19, 1985 before the Subcommittee on Transportation, Aviation and Materials of the House Committee on Science and Technology, that periodic weather reporting is not enough for optimum safety, and that the up-to-the minute weather detection capabilities must be a priority.

Moreover, improved weather reporting will provide real benefits in terms of NAS efficiency and economy. As noted by the Federal Aviation Administrator in testimony before the U.S. Senate on April 3, 1985, over sixty percent of aviation delays are weather related. The significantly improved weather reporting which will be obtained through AWOS and NEXRAD will significantly improve flight planning capability, thereby reducing weather related diversions and delays and realizing savings in fuel consumption and aircraft utilization.

Therefore, ATCA and EIA strongly urge Congress not to permit these projects to be postponed, but instead to provide sufficient funding in FY 86 to keep these crucial aviation weather programs, as well as other NAS Plan projects, on track.

Although the Administration's stated reason for requesting less funding than the amounts authorized by law for NAS Plan expeditures in FY 86 is to make the FAA's budget consistent with the President's deficit reduction goals, this automatic funding cut is based upon the erroneous assumption that NAS Plan expenditures come from the general fund, and therefore contribute to the deficit problem. To the contrary, funds to support expenditures for NAS capital improvements come, not from the general fund, but from the Aviation Trust Fund, a fund collected from users of the National Airspace System through taxes and user fees, and dedicated to support NAS capital improvements.

The President's remarks in his press conference on March 21, 1985, in connection with reduction in the COLAs for Social Security, are applicable as well to the Aviation Trust Fund: "Social Security [like the Aviation Trust Fund] is running on a surplus, and it is totally funded by a tax that can only be used for that purpose. So when we talk about Social Security [or the Aviation Trust Fund] we are really not getting at the deficit problem at all."

The Airport and Airway Improvement Act of 1982 was a major legislative initiative; representing an historic agreement between the Administration, the Congress, and the users of the nation's airport-airway system. It set long-range goals for major upgrading and improvement of the air traffic control system as set forth in the NAS Plan, and for an urgently needed program for development of airports. At the same time, the Act established a set of increased taxes on users of the system -- taxes calculated to produce the revenues needed to pay for the authorized programs. In all ways, the 1982 Act was an event of great importance and imagination, marrying a vast capital investment program to a dedicated source of funding derived from those persons and companies who actually use the system.

Postponing even some of the crucial NAS modernization programs called for in the 1982 Act will inevitably lead to a crisis situation in which capacity of the nations's airport-airway system cannot accommodate transportation needs of the public. Although the FAA has eased the situation considerably by encouraging airlines to move some operations away from peak scheduling periods, the effects of strained capacity already have been evident in the nation's airport-airways system, for example, delays at major airports which reached significant proportions during the summer of 1984.

Although, as of March 31, 1985 the Airport and Airways Trust Fund contains an estimated $7 billion dollars, appropriations for NAS Plan expenditures are now lagging $750 million behind authorized levels. The Administration has proposed a reduced level of funding for FY 86 which would accelerate the shortfall to over $1 billion. This unnecessary cut in NAS Plan expenditures will postpone crucial aviation weather projects that would contribute significantly to safety and efficiency of the National Airspace System. In short, the Administration recommends that programs be deffered in the name of deficit reduction, even though trust funds are available to achieve the benefits of NAS modernization now, without increasing the federal deficit.

In conclusion, ATCA and EIA strongly urge Congress to keep the NAS Modernization Plan on track by making available an amount sufficient to fund all NAS Plan projects in FY 86, including AWOS and NEXRAD, rather than the lower level recommended by the Administration.

ATCA is also concerned with the funding levels that the Administration has requested for operations and maintenance of the air traffic control system for FY 86. The Administration has requested only $1.145 billion for ATC operations, $208 million for installation and material services, and $767.8 million for maintenance of the ATC system. This is a decrease of $6.6 million (.8 %) for maintenance over the FY 85 level, and increases of only 1.6 % and 2 % over FY 85 respectively for operations, and installation and material services. The Administration has proposed those cuts even though FAA already is experiencing a spending deficiency in FY 85, and has requested a $22 million transfer of funds. [3]

We look forward to working with you to assure that the needs of the public for safe and efficient air transportation are met in the years ahead. Thank you for the opportunity to present this statement.

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[3] See Testimony of William A. Plissner before the House Subcommittee on Transportation and Related Agencies, Committee on APpropriations, April 24, 1985.

D.C. DEPARTMENT OF PUBLIC WORKS

STATEMENT OF JOHN E. TOUCHSTONE, DIRECTOR

Senator ANDREWS. We understand John Touchstone, Director of the Government of the D.C. Department of Public Works wishes to summarize as well.

Mr. Touchstone, we welcome you to the committee.

Mr. TOUCHSTONE. Thank you very much.

I am John Touchstone, Director of the D.C. Department of Public Works. I am responsible for building and maintaining the city's infrastructure, its water, sewer system, transportation network, and construction program.

I appreciate the opportunity to appear before you today. I am going to summarize quickly that by a conscious change in policy in 1980 the District has stopped the cycle of deferred maintenance and resulting in rapid deterioration of our streets.

We have increased the number of miles of city streets which are being rehabilitated to well over 30 miles per year. We are giving particular emphasis to our bridges. We will construct between four and five bridges within the next 2 years.

Plans are now being finalized for the Barney Circle Freeway modification which will extend the Southwest Freeway from its current terminus at Pennsylvania Avenue.

In addition, the District was very fortunate to have Congress pass the Union Station Redevelopment Act. This legislation allows the city to use $40 million in interstate funds apportioned to the District for the completion of the parking garage at Union Station.

In addition, the administration's proposed termination of subsidies for Amtrak would not only paralyze rail travel in the Northeast corridor, but would have devastating effect on the important Union Station project and its intercity transportation activities.

Therefore, I urge you to maintain Amtrak's funding level.

In addition, it is very important that future obligations of interstate funds for this project be allowed to be outside our funding obligation ceiling. In fiscal year 1986 we expect to obligate the remaining $7.5 million of the original $40 million authorization.

Senator ANDREWS. Thank you very much, Mr. Touchstone.

You not only summarized well, but you answered the question about Amtrak that I was going to ask you.

[The statement follows:]

STATEMENT OF JOHN E. TOUCHSTONE

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, I AM JOHN E. TOUCHSTONE, DIRECTOR OF THE DISTRICT OF COLUMBIA'S DEPARTMENT OF PUBLIC WORKS, MY DEPARTMENT IS RESPONSIBLE FOR BUILDING AND MAINTAINING THE CITY'S PUBLIC INFRASTRUCTURE; ITS WATER/SEWER SYSTEMS, TRANSPORTATION NETWORK, AND CONSTRUCTION PROGRAM. I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO DISCUSS APPROPRIATIONS FOR FEDERAL TRANSPORTATION PROGRAMS AND THEIR EFFECT ON ONE JURISDICTION ... THE DISTRICT OF COLUMBIA.

THE DISTRICT OF COLUMBIA MAINTAINS A ROADWAY NETWORK CONSISTING OF 12 MILES OF INTERSTATE HIGHWAY, MORE THAN 1,000 MILES OF STREETS AND ROADS AND APPROXIMATELY 250 BRIDGE STRUCTURES. TWO THIRDS OF THESE BRIDGES ARE ON ARTERIAL AND FREEWAY SYSTEMS. THIS ROADWAY SYSTEM MOVES AN AVERAGE OF MORE THAN 700,000 VEHICLES EACH BUSINESS DAY. MARYLAND AND VIRGINIA RESIDENTS WHO WORK AND CONDUCT BUSINESS IN THE DISTRICT ACCOUNT FOR 75% OF THIS TRAFFIC. BEING THE NATION'S CAPITAL, WE ALSO ATTRACT MILLIONS OF VISITORS EACH YEAR, WHO CONTRIBUTE TO THE DAILY ROADWAY USE.

BY A CONSCIOUS CHANGE IN POLICY IN 1980, THE DISTRICT HAS STOPPED THE CYCLE OF DEFERRED MAINTENANCE AND THE RESULTING RAPID DETERIORATION OF OUR STREETS. WE HAVE INCREASED THE NUMBER OF MILES OF CITY STREETS WHICH ARE REHABILITATED TO OVER THIRTY MILES A YEAR.

WE HAVE GIVEN SIMILAR EMPHASIS TO OUR BRIDGES. WE WILL RECONSTRUCT BETWEEN FOUR AND FIVE BRIDGES WITHIN THE NEXT TWO YEARS.

IN 1984, MAYOR MARION BARRY ANNOUNCED THE **WAR ON POTHOLES.** ONE MILLION DOLLARS WERE EARMARKED AND SPENT FOR THIS SPECIAL POTHOLE PREVENTION PROGRAM. WE HOPE TO LAUCH A SIMILAR CAMPAIGN AGAIN THIS YEAR. DPW HAS A POTHOLE HOTLINE NUMBER FOR CITIZENS TO CALL TO HELP US KEEP TABS ON SPECIFIC LOCATIONS WHERE POTHOLES OCCUR.

WE ARE PLEASED TO INFORM THE COMMITTEE THAT THE CENTER LEG TUNNEL, WHICH CONNECTS THE NORTH/SOUTH ARM OF I-395 TO ROUTE 50, BETTER KNOWN AS NEW YORK AVENUE, IS NOW UNDER CONSTRUCTION AND IS EXPECTED TO BE COMPLETED BY NEXT SPRING. IN ADDITION, PLANS ARE BEING FINALIZED FOR THE BARNEY CIRCLE FREEWAY MODIFICATION, WHICH WILL EXTEND THE SOUTHEAST FREEWAY FROM ITS CURRENT TERMINUS AT PENNSYLVANIA AVENUE. THIS EXTENSION WILL CROSS THE ANACOSTIA RIVER VIA A NEW BRIDGE TO CONNECT WITH THE ANACOSTIA FREEWAY. WHEN COMPLETED, THE PROJECT WILL DIVERT SUBSTANTIAL AMOUNTS OF TRAFFIC FROM LOCAL STREETS IN S.E. WASHINGTON AND ON CAPITAL HILL, ONTO A MORE APPROPRIATE ARTERIAL FACILITY. CONSTRUCTION IS EXPECTED TO BEGIN IN LATE 1986, AND END BY THE SUMMER OF 1990. COST OF THE PROJECT IS ESTIMATED AT $125 MILLION.

HOWEVER, WITHOUT AN ADEQUATE LEVEL OF INTERSTATE DISCRETIONARY FUNDING, THE PROJECT COULD DRAG ON FOR EIGHT OR MORE YEARS. I'LL BE BACK TO YOU NEXT YEAR ON THIS!

IN 1982, THE DISTRICT WAS FORTUNATE TO HAVE CONGRESS PASS THE UNION STATION REDEVELOPMENT ACT. THIS LEGISLATION ALLOWED THE CITY TO USE $40 MILLION IN INTERSTATE FUNDS APPORTIONED TO THE DISTRICT FOR THE COMPLETION OF THE PARKING GARAGE AT UNION STATION. FURTHERMORE, IT PERMITTED PRIVATE INVESTORS TO ASSIST FEDERAL AND DISTRICT AGENCIES, AND AMTRAK, TO RESTORE THE HISTORIC STATION TO ITS ORIGINAL CONDITION AND USE, AND TO CREATE A MAJOR OFFICE AND RETAIL COMPLEX THAT WILL COMPLEMENT

THE TRANSPORTATION HUB ACTIVITIES. THIS PROJECT WILL SERVE AS AN ANCHOR IN THAT SECTION OF THE CITY, AND WILL SPUR ON OTHER REDEVELOPMENT.

I MUST EMPHASIZE, HOWEVER, THAT THE REAGAN ADMINISTRATION'S PROPOSED TERMINATION OF SUBSIDIES FOR AMTRAK COULD NOT ONLY PARALYZE RAIL TRAVEL IN THE NORTHEAST CORRIDOR, BUT WOULD HAVE A DEVASTATING EFFECT ON THE IMPORTANT UNION STATION PROJECT AND ITS INTER CITY TRANSPORTATION ACTIVITIES. **I URGE YOU TO MAINTAIN AMTRAK'S FUNDING LEVELS. IN ADDITION, IT IS VERY IMPORTANT THAT FUTURE OBLIGATIONS OF INTERSTATE FUNDS FOR THIS PROJECT BE ALLOWED TO BE OUTSIDE THE OBLIGATION CEILING. IN FISCAL YEAR '86, WE EXPECT TO OBLIGATE THE REMAINING $7.5 MILLION OF THE ORIGINAL $40 MILLION AUTHORIZATION BECAUSE WE ANTICIPATE ADDITIONAL FUNDING SPENDING FOR EXPANSION OF THE PARKING DECK OR POSSIBLY TO DEMOLISH THE EXISTING STATION UNDER THE PARKING DECK.**

THE DEVELOPMENT OF THE METROPOLITIAN WASHINGTON METRORAIL SYSTEM HAS BEEN THE REGION'S MOST IMPORTANT TRANSPORTATION PROGRAM. OUR SYSTEM IS SERVING MORE THAN 350,000 PASSENGERS EACH DAY AND HAS THE POTENTIAL, WITH YOUR HELP, TO SERVE MANY MORE. THE PROPOSED PLAN BY THE REAGAN ADMINISTRATION TO REDUCE METRO CONSTRUCTION FUNDS BY 25% WILL BRING TO A HALT ALL EFFORTS TO COMPLETE THE APPROVED 89.5 MILE SYSTEM. FURTHER DELAY IN COMPLETING THE SYSTEM WILL ULTIMATELY DENY ACCESS TO THOUSANDS OF RESIDENTS IN THIS REGION. MOST IMPORTANTLY, FAILURE TO BUILD THE UNCOMPLETED SEGMENTS IN THE DISTRICT WILL HURT THOSE MOST DEPENDENT ON PUBLIC TRANSIT.

WE URGE THIS COMMITTEE TO SUPPORT A $250 MILLION FUNDING LEVEL FOR FISCAL YEAR '86, WHICH WILL ENSURE THE TIMELY COMPLETION OF THIS VITAL REGIONAL TRANSPORTATION SYSTEM.

WITH YOUR HELP FROM PAST APPROPRIATIONS BEGIN INSTALLATION OF A COMPUTERIZED TRAFFIC SIGNAL CONTROL SYSTEM THIS SUMMER. WITH 1,275 SIGNALIZED INTERSECTIONS, THE DISTRICT SYSTEM WILL BE ONE OF THE LARGEST COMPUTER CONTROLLED SYSTEMS IN THE UNITED STATES. THE PROJECT SHOULD TAKE APPROXIMATELY 60 MONTHS TO COMPLETE.

THE TOTAL COST OF DESIGN AND INSTALLATION OF THE APPROVED SYSTEM IS ESTIMATED AT $38 MILLION. BENEFITS OF THE NEW SYSTEM INCLUDE REDUCING DAILY TRAVEL TIME BY 21,200 HOURS, REDUCING FUEL CONSUMPTION BY 2.9 MILLION GALLONS A YEAR (A $4 MILLION SAVINGS) AND BROADENING THE CITY'S TRANSPORTATION SYSTEM MANAGEMENT CAPABILITIES. WE ESTIMATE THAT THESE BENEFITS COULD RETURN THE CAPITAL INVESTMENT WITHIN THREE YEARS OR LESS.

IN CLOSING, I THANK YOU FOR TAKING THE TIME TO LISTEN TO THE CONCERNS OF ONE JURISDICTION. I AM SURE THAT OTHER CITIES AND STATES ARE FACING SIMILAR SITUATIONS. WE ALL RECOGNIZE THAT STATES AND LOCALITIES MUST ASSUME A GREATER RESPONSIBILITY FOR TRANSPORTATION SERVICES. IN RESPONSE, THE DISTRICT HAS INCREASED OUR LEVEL OF LOCAL COMMITMENT TO BOTH TRANSIT AND HIGHWAY IMPROVEMENT PROGRAMS.

I WOULD WELCOME THE OPPORTUNITY, IN THE FUTURE, TO SHOW YOU OUR LOCAL FACILITIES, TO REVIEW OUR PROGRAM PLANS, AND TO DISCUSS YOUR CONCERNS AND IDEAS SO WE CAN WORK TOGETHER TO IMPROVE OUR FINE " CAPITAL CITY."

NATIONAL BUSINESS AIRCRAFT ASSOCIATION

STATEMENT OF JOHN H. WINANT, PRESIDENT, NATIONAL BUSINESS AIRCRAFT ASSOCIATION, INC., GENERAL AVIATION MANUFACTURERS ASSOCIATION, NATIONAL AIR TRANSPORTATION ASSOCIATION

Senator ANDREWS. Our next offer of summarization is John Winant of the National Business Aircraft Association.

Mr. WINANT. Good morning, Mr. Chairman.

I am John Winant. I appear this morning to present the shared views of 16 major aviation organizations. Their names are all listed in the prepared statement which I have.

Senator ANDREWS. We have that prepared statement. The prepared statement and the names will be made part of the record.

Mr. WINANT. That is the largest number of aviation organizations to come before you on a consolidated basis ever.

We are deeply concerned over the continued safety and capacity improvement programs in the airport airway system. We continue to wonder why the Government refuses to spend the dedicated user tax revenues to sustain these programs.

The administration's budget would call for a 17-percent cut in facilities and equipment. The research engineering and development funding is slated to withstand a cut of almost 10 percent.

The one bright spot in the budget proposal is the administration's aim to spend the fully authorized amount, $1.017 billion for airport improvements, but there is bad news on the other budget item which is operations and maintenance, and the administration proposes to spend more than $2 billion which exceeds the authorized level by more than $1 billion.

So, once again, we come before you and we ask that this subcommittee advance our Nation's airport and airways system by spending the fully authorized amounts.

We thank you very much for this opportunity.

Senator ANDREWS. Thank you.

You testified before the subcommittee last September and described the ways your organization plans to deal with delays.

What are the prospects for this summer?

Mr. WINANT. Our prospects for this summer look considerably better. We think FAA's management of the air space system has improved. We hope with adoption of some of the concepts being presented to you today by other organizations such as the ATA's 22-airport program, that delays will not be of the magnitude encountered last year.

Senator ANDREWS. Thank you very much. You bring a ray of sunshine.

Mr. WINANT. Thank you, sir.

[The statement follows:]

STATEMENT OF JOHN H. WINANT

I am John H. Winant, President of the National Business Aircraft Association. I appreciate the opportunity of appearing today and am honored that I am able to present the shared views of 16 major aviation organizations. They are:

Aerospace Industries Association
Air Traffic Control Association
Air Transport Association of America
Air Line Pilots Association
Airport Operators Council International
Allied Pilots Association
American Association of Airport Executives
Electronic Industries Association
Experimental Aircraft Association
General Aviation Manufacturers Association
Helicopter Association International
National Aeronautic Association
National Air Transportation Association
National Association of State Aviation Officials
National Business Aircraft Association
Regional Airline Association

Many of these organizations are presenting detailed individual statements at these hearings. Nevertheless, we feel as representatives of the aviation community that there is a need for us to jointly express our common concern for continuing the programmed safety and capacity improvements in our airport/airway system.

The strongest bond we share is our determination that the promises contained in the landmark aviation legislation enacted in 1982 will be fulfilled in a timely manner.

Failure to implement the programs authorized in the 1982 Airport and Airway Improvement Act will, in our view, lead inevitably to an erosion in the ability of the nation's airport and airway system to accommodate the transportation needs of the public. Regrettably, we have already seen evidence of developing system limitations.

The 1982 Act was a major legislative accomplishment, representing an historic agreement between the Administration, the Congress and the users of the nation's air transportation system. The Act set long-range goals for major upgrading and improvements in the air traffic control system, as spelled out in the National Airspace System Plan (NASP), for important airport development projects and other safety and capacity-related improvements.

The Act also imposed increased taxes on users of the system, taxes calculated to produce the revenues needed to pay for the authorized programs. This important legislation combined a vast capital investment program with a dedicated trust fund whose revenues would be provided exclusively by system users.

The programs authorized in the 1982 Act have been significantly underfunded due to pressures aimed at reducing the Federal deficit. Last year, funding more in line with existing authorizations was approved by Congress. Nonetheless, development programs still have not fully materialized and numerous planned improvements have been deferred. System users continue to wonder why the government refuses to spend their dedicated tax revenues to sustain these promised programs when there exists a Trust Fund surplus in excess of $3 billion.

Under the Administration's proposed budget for FY 1986, FAA's Facilities and Equipment account would be cut approximately 17 percent below the authorized level. This is based on the authorized amount of $1.377 billion and the proposed funding level of only $1.1465 billion, a reduction of some $230.5 million. Research, Engineering and Development funding is slated to withstand a cut of almost 10 percent, down from the authorized level of $215 million to $195.4 million -- a reduction of $18.5 million. These cuts would further slow system modernization at a time when capacity and safety improvements are clearly needed. We implore this Subcommittee to take the leadership position, as it has in the past, to appropriate the authorized funds.

One bright spot in the FY 1986 budget is the Administration's proposal to spend the authorized amount, $1.017 billion, for the Airport Improvement Program. This fully authorized funding level would seem to be an acknowledgment of the problems of airport access and congestion, problems which merit the continued support of the Federal Government.

There is one other budget item involving Trust Fund money: FAA Operations and Maintenance. The Administration's budget proposes $2.04 billion which exceeds the authorization level by $1.2 billion -- presuming the budgeted levels are appropriated for Airport Grants and Facilities and Equipment. This unauthorized "raid" on dedicated user funds would be an unconscionable act that must be opposed by the Congress.

It is interesting to note the Administration has proposed the repeal of the "penalty clause" in the authorizing legislation which would permit such a raid. We realize, Mr. Chairman, that this is a matter under the jurisdiction of the authorizing committee, but we want this committee to know we adamantly oppose such a proposal.

The Administration also proposes to eliminate the payment of interest on unexpended balances in the fund. That money is "on deposit" by the users and is entitled to interest just like any other deposits.

This is the third consecutive time this group has come before this panel to ask its support of authorized funding levels. The money is available. The needs exist. The programs for spending these sums are in place. They are logical, well-planned programs which have the full support of these 16 organizations.

Expansion of our nation's air transportation system is essential for continued national economic growth and vitality. Safety and capacity improvements are necessary -- now. Once again, we ask that this Subcommittee advance our nation's airport and airway system by appropriating funds -- contributed by the system's users -- which are consistent with the fully authorized amounts.

BOAT OWNERS ASSOCIATION OF THE UNITED STATES

STATEMENT OF MICHAEL SCIULLA, VICE PRESIDENT

Senator ANDREWS. Anyone else who wants to do the 2-minute program, please come forward.

Michael Sciulla of the Boat Owners Association of the United States.

Mr. SCIULLA. Thank you, I will try to take less than 1 minute.

I want to thank you for your past efforts in support of the Nation's boating safety effort and urge your support for the administration's request that $13.6 million be released from the aquatic resources trust fund for safety boating, safety education, and law enforcement.

As you know, when you go to the filling station and you fill up your car with gas, you pay 9 cents a gallon excise tax. The boatowners of this country do the same thing. We estimate they have contributed in the neighborhood of $70 to $80 million in fuel taxes.

These are special taxes paid by a special group and are put into a dedicated trust fund. We can't understand why the administration is proposing to release less than one-half of this fund. We believe the boaters of this country are entitled to the full $30 million. We estimate, since 1980, boatowners have paid nearly $300 million in fuel taxes.

The States have inaugurated a number of worthwhile programs. In North Dakota on Lakes Sakakawea and Oahe, the State has purchased a number of motorboats able to ply these treacherous waters.

The Coast Guard is spending less money today on boating safety. We only ask that the States be given the taxes paid by the boating community to do the job that Congress has asked them to do.

Thank you, Mr. Chairman.

Senator ANDREWS. You not only make a powerful statement, but you have the wisdom or, shall we say, the political sense to include North Dakota for some reason or another in this boating record. That takes a great deal of confidence. We appreciate it. Of course, we understand what you are doing. We think it is an excellent statement. Thank you.

Mr. SCIULLA. Thank you, sir.

[The statement follows:]

STATEMENT OF MICHAEL SCIULLA

I am Michael Sciulla, Vice-President of Boat Owners Association of The United States. With nearly 170,000 members from all 50 states, BOAT/U.S. is the largest national organization of individual boat owners in the country.

Mr. Chairman, I am here today to thank you for your past efforts and to testify in strong support of the Administration's request that $13.6 million be released from the Aquatic Resources Trust Fund for state boating safety, education and law enforcement efforts.

The trust fund monies you are being asked to appropriate are derived from the nine cents per gallon federal excise tax on fuel. As the Congress has directed that the taxes attributable to motorists go to the Highway Trust Fund for the repair of highways, it has also said that the taxes paid by this country's 10 million motorboat owners should be returned to the states so they can supplement or take over services formerly provided by the USCG.

It is estimated that boat owners pay from $70 to $80 million per year in such fuel taxes. More precise figures are unavailable, as the Treasury Department, which was required by P.L. 96-451 to conduct a study by October 1982 to determine the precise amount of taxes attributable to boating, has yet to report to Congress.

Given the fact that these funds are special taxes, paid by a specific group of people, and placed in a dedicated trust fund, we are at a loss, Mr. Chairman, to understand why the Administration has requested less than one-half of the funds authorized for this program. We believe the states are entitled to the full $30 million authorized by Congress. This is particularly puzzling as the Congress, just last August under P.L. 98-369, again mandated that these funds go back to the states for boating and sportfishing purposes.

In fact, the Congress has spent considerable time and effort over the past five years passing laws indicating that these "user fees" should be returned to the states for programs that benefit those who pay these taxes. And, in each of the three times the Congress has acted in the past five years, support for the dedicated use of these funds has increased. For example, the authorization level has been raised from $20 million to $45 million and just last year under P.L. 98-369, to include all of the fuel taxes attributable to boating.

We estimate that since the first trust fund for boating was established in 1980, nearly $300 million has been paid by boaters in fuel taxes. During this same period, $38.6 million has been released from the trust fund. Where the excess $260 million has gone to is the subject of some debate. Nonetheless, we believe it is likely that at least $50 million a year in boating's taxes are being used to help cut the deficit. And, to further demonstrate that boaters are paying for Coast Guard services, DOT has requested $15 million from the trust fund for the Coast Guard.

Of the $38 million that has been returned to the states, we are aware of a number of programs worthy of mention. In North Dakota, for example, state boating officials have purchased a number of motorboats capable of plying the waters of Lakes Sakakawea and Oahe in adverse weather and sea conditions. Previously, they had been reluctant to use their small boats which were very unreliable in treacherous waters.

Also, state boating officials have embarked on an extensive campaign to educate North Dakotans about boating safety by making presentations to employees of the telephone company, Basin Electric, 4H, and the Boy Scouts, to name just a few. The problems of cold water survival and alcohol and boating are some of the issues covered in these on-the-road presentations.

Florida is another state where boating officials have bought much needed equipment. In this particular case, the state bought five boats for off-shore use which have year-round capability. In addition, more than 300 "trauma kits", designed to handle serious accidents, have been distributed to marine police officers.

In New Mexico, where 12 of their 14 boating deaths were the result of high winds capsizing boats, boating officials have installed high wind warning devices on 12 of of their lakes to warn boaters of excessive winds.

In addition, the Coast Guard has allocated up to five percent of these funds to non-profit organizations for research. This program has made considerable headway in tackling the problem of alcohol use on the water and in focusing attention on significant groups of waterway users, such as canoeists and fishermen, who are not normally reached through traditional boating safety channels.

In short, Mr. Chairman, we believe that the states are beginning to compile a worthwhile record. In terms of reaching out to the users of our nation's waters with their safety messages and in purchasing the equipment necessary to do the job, the states are taking over responsibilities formerly undertaken by the Coast Guard. This is what was envisioned by the landmark Federal Boat Safety Act of 1971.

The proof of this program's success is that the Coast Guard is dedicating less resources to its boating safety program than it ever has since this law was first enacted. If the states are expected to take over this program, they should be given the taxes paid by the boating community to do the job.

On behalf of our Association members, I would like to thank you again for the opportunity to express our concerns. I will be happy to reply to any questions.

NATIONAL TRANSPORTATION SAFETY BOARD BAR ASSOCIATION

STATEMENT OF MARK T. McDERMOTT, PRESIDENT

ACCOMPANIED BY:

JOHN J. KEYSER, FOUNDING MEMBER
MICHAEL J. PANGIA, TREASURER

Senator ANDREWS. Our next individual wanting to summarize is Mr. Mark McDermott of the National Transportation Safety Board Bar Association.

We may get it so that nobody has to come back tomorrow.

Mr. McDERMOTT. Thank you, Mr. Chairman.

Senator ANDREWS. Let me assure you your entire statement will appear in the record as if given.

Mr. McDERMOTT. My name is Mark T. McDermott. I am president of the NTSB Bar Association. Our association consists of attorneys who handle cases before the NTSB involving safety enforcement and airman medical certification.

With me today are John J. Keyser, who is a founding member of our association, and Michael J. Pangia, who is our treasurer.

We are here to address only one issue. That is the possible elimination of some of the NTSB administrative law judges and their support staff. Since we believe that such an action would have a serious adverse impact on cases before the NTSB, it is obviously of great concern to us.

We feel we are uniquely qualified to address this issue. I am presently engaged in the private practice of law and I represent private parties before the NTSB.

Previously, I served as an attorney with the FAA and represented the Government in the same type of proceedings. The same is true in the case of both Mr. Keyser and Mr. Pangia.

Since we have seen these cases from both sides, we know what the proposed cuts will mean. The cuts will spell disaster for both the public and the private interests involved. While we support Government economy, we believe that the savings realized by this proposal will be small while the nonmonetary costs will be great.

Our member attorneys have practiced before other Federal agencies. Our experience leads us to conclude that the NTSB is already one of the more lean and efficient operations. If the number of judges is reduced, tremendous backlogs and delays are a certainty.

The FAA will be unable to enforce safety and this means that the public will be endangered. Private parties will be unable to exercise their appeal rights. In many cases this will mean that individuals will be unable to work and that companies will be unable to operate for extended periods of time. The NTSB will be unable to discharge one of its important statutory mandates.

We realize that the current fiscal situation dictates some cuts. It is our suggestion that these cuts be made in discretionary NTSB programs, not in areas such as the operations of the Office of Administrative Law Judges which involve statutorily mandated, nondiscretionary functions.

At this point we will be more than happy to answer any questions.

Senator ANDREWS. Thank you very much. You have made an excellent statement. I think you pretty well have answered all those questions.

We appreciate your appearance.

[The statement follows:]

STATEMENT OF MARK T. MCDERMOTT

My name is Mark T. McDermott. I am President of the National Transportation Safety Board Bar Association. Our association consists of attorneys who practice before the NTSB in proceedings involving safety enforcement and airman medical certification. Consequently, we are acutely interested in any change affecting such practice. For this reason, we thank the Subcommittee for allowing us the opportunity to express our views concerning the National Transportation Safety Board's proposed budget for the fiscal year 1986 and the effect that budget may have on the NTSB's Office of Administrative Law Judges.

We understand that the proposed budget for the National Transportation Safety Board involves a substantial reduction in the amount budgeted for the operations of the Office of Administrative Law Judges. This savings is expected to be realized through a reduction in force in both the Office of the General Counsel and the Office of the Administrative Law Judges. It has been proposed that two positions will be eliminated from the General Counsel's Office and four positions will be eliminated from the Office of Administrative Law Judges. This would include two of the five existing judges.

A reduction of this type would have a disastrous impact on aviation safety. The Office of Administrative Law Judges with the assistance of the General Counsel's Office handles a tremendous workload. Historically, the judges receive about 550-600 cases per year and the General Counsel's Office receives about 120 appeals per year. As of December 31, 1984, the judges had a backlog of 279 cases and the General Counsel's Office had a backlog of 55 cases. Recently, the workload has increased to the extent that, during the first quarter of fiscal year 1985 (October, November, December 1984), the judges received 175 cases and the General Counsel's Office received 34 appeals for review. Since the FAA is expected to add additional safety inspectors to process violations, the NTSB's workload in this area can only increase further. To consider a reduction in force at a time when the workload is increasing makes no sense.

The backlog of cases which will develop with the proposed reductions will have the effect of grinding the operations of the Office of Administrative Law Judges almost to a stop. There is already grave concern at the FAA and among members of the aviation public about delays in the processing of cases before the NTSB. To take steps which will make the system slower is counterproductive.

For the FAA's system of safety enforcement to work, it is necessary for the FAA to have the power to take swift and effective enforcement actions. When the FAA suspends or revokes a certificate, the alleged violator can delay the effectiveness of the FAA's action by filing an appeal with the NTSB. This means that the alleged violator can continue to use the certificate pending completion of the NTSB's review. Under the proposed reductions, a backlog of several years is certain to develop and alleged violators will be able to effectively ignore FAA enforcement actions until years later when evidence will be stale and the impact of the FAA's action will be lost.

It has been suggested that the adverse impact of the predicted delays can be avoided if the FAA simply invokes its authority to take certificate actions on an emergency basis. In emergency cases, an appeal to the NTSB does not delay the effectiveness of the FAA's certificate action and the alleged violator is not allowed to hold the certificate during NTSB review. Such a wholesale use of the FAA's emergency authority would be an abuse. The statute contemplates and FAA procedures provide that emergency authority should be exercised only in situations in which there is an immediate need to ground the alleged violator to protect aviation safety. Another problem is that the NTSB is required to decide emergency cases within 60 days, unless the alleged violator waives that time limit. With fewer judges, the NTSB will be in no position to decide an increased number of cases in 60 days.

It has also been suggested that the predicted backlog can be alleviated if the FAA makes greater use of the remedy of seeking a civil penalty rather than a certificate action. This is also an undesirable proposal. The FAA's enforcement program is promoted by the fact that the FAA has the flexibility to choose either a civil penalty or a certificate action. Often one remedy will have much more impact on the alleged violator than the other remedy. In selecting a remedy, one of the most important factors that the FAA considers is which remedy will best promote future compliance with safety regulations.

In addition, forcing the FAA to choose a civil penalty action may hamper both the FAA's and the private party's right to an adjudication in contested cases. Civil penalty cases must be tried in the Federal courts rather than before the NTSB. The pursuit of an adjudication in Federal court is much more expensive and time consuming for both the FAA and the private party. Because of this the rights of both parties are restricted. In addition, the government funds saved in the elimination of NTSB judges will be outweighed by the increased costs incurred by the government as a result of increased Federal court litigations.

In contrast to NTSB safety enforcement cases, where delay allows alleged violators to continue to operate, NTSB airman medical certification cases will be adversely affected in a different way by the predicted delays. Medical certification cases usually involve denials of applications for certification. Consequently, an applicant who is denied certification by the FAA holds no certificate during the NTSB's review. With backlogs of the type which will result from the proposed reductions, commercial pilots and others will be unable to serve as pilots and pursue their occupation for a number of years while their cases languish before the NTSB.

In addition to being ill advised for the above reasons, the proposed reduction would violate the expressed intent of Congress. The work performed by the Office of Administrative Law Judges is not a discretionary program which can be expanded or contracted based upon budgetary considerations. The work performed by the Office of Administrative Law Judges is a non-discretionary function mandated by statute. According to 49 U.S.C. §1903(a)(9), the NTSB shall review on appeal the suspension, amendment, modification, revocation or denial of the certificates in question. If this statutory mandate is given reasonable interpretation, it must include the requirement that the review be accomplished within a reasonable period of time.

We are cognizant that the current fiscal situation dictates that the NTSB make cuts in some of its programs. It is our suggestion that these cuts be made in discretionary NTSB programs, not in areas such as the operations of the Office of Administrative Law Judges which involve statutorily mandated, non-discretionary functions.

We urge you to support full funding for the functions of the Office of Administrative Law Judges and to oppose any reductions in force in either the Office of Administrative Law Judges or the General Counsel's Office.

GEORGETOWN UNIVERSITY

STATEMENT OF REV. WILLIAM L. GEORGE, S.J.

Senator ANDREWS. The next witness is Father George, speaking on his needs.

You have been testifying on this for 15 years or more.

Father GEORGE. 10, Mr. Chairman, 10 in October.

I am speaking on behalf of the energy parking facility. I would like to report that the energy parking facility that the committee appropriated way back when Adam Benjamin was chairman will be finished in the fall of 1985, the energy portion should be operational in 1986.

In the meantime, Georgetown won a joint study with Los Alamos for fuel cell buses through Mass Transit Authority and I ask the committee to consider funds to keep that going, which will take $1½ to $2 million since it is the only study being done for fuel cell buses.

Thank you.

Senator ANDREWS. Thank you very much, Father.

[The statement follows:]

STATEMENT OF REV. WILLIAM L. GEORGE, S.J.

Mr. Chairman and Members of the Committee, I am Father William L. George, S.J., Special Assistant to the President of Georgetown University. I would like to thank the Committee for the opportunity to testify and for your support in past years.

The Energy Parking Facility is one topic I wish to speak of and give you a brief report. I would also like to ask the Committee to appropriate $2 million for the Fuel Cell Bus Program that is presently under study by a grant from the Urban Mass Transit Authority Research and Development.

The Energy Parking Facility is being constructed in two phases. It was initiated in September of '84. The east side decks are in place, most of the major utilities' relocations are completed. The west side has been excavated and concrete has been placed in the lower portions. The construction completion date is anticipated in the fall of 1985.

The energy system is progressing on schedule. The excavation is completed and concrete placement for the base and the walls has begun. The major equipment components have been purchased with a planned installation during the summer. Check out and testing of the system will be completed in March '85 and the system should be operational in the summer of 1986. Project costs are: $8 million - Urban Mass Transit Authority; $5.6 million - GU resources; total project cost estimate - $13.6 million.

Secondly, the Fuel Cell Bus Study was granted jointly to Georgetown University and Los Alamos Labs. It is important that adequate research be continued for the development, which would require approximately $2 million for FY'86. Fuel Cell Buses appear to be technically feasible. The economic feasibility of an operational demonstration remain to be proven. All the aspects of safety and economics, reliability and performance are currently being studied. They need to be completed and then design development would be the next step. The fuel cells will be methanol based. This is the consensus of most manufacturers and engineers and UMTA.

In order to insure that the study leads to practical developments and implementation by industry and various users, Georgetown's responsibility is to oversee the study by Los Alamos with a board of manufacturers, users and engineers. Our Board consists of representatives from General Motors, United States Army, Department of Defense, the Department of Energy, the Washington Metropolitan Area Transportation Authority, the District of Columbia Transportation Department, the City of Albuquerque Transportation Department and the Urban Consortium of U.S. Cities.

Since this project is the only study underway dealing with near term fuel cell buses, we would hope that the Committee would provide the funds to continue the program.

On behalf of our President, Rev. Timothy S. Healy, S.J., I thank you for the opportunity to testify.

RAILROAD COMMISSION OF TEXAS

STATEMENT OF MICHAEL A. JAMES, ACTING DIRECTOR, TRANSPORTATION DIVISION

Senator ANDREWS. Our next witness is Michael James, the State of Texas Office of State-Federal Relations.

Mr. JAMES. Thank you, Mr. Chairman.

I am here representing the Railroad Commission of Texas. We operate the rail safety program in the State of Texas. We participate in carrying out the Federal safety rules.

You have my statement. My main reason for being here is to sweep away the blarney, Mr. Riley, Administrator of FRA, has been spreading around Congress as to why the FRA's budget should not continue to have the $3 million necessary nationwide to fund State participation in these programs.

Mr. Riley has been saying that if the States want to be involved, they can fund their own programs. He has forgotten that the Federal Government has preempted rail safety standards for the most part from the States.

So, it makes sense that the Federal Government should pay part of the tab, in this case 50 percent, for carrying out the program in the States.

In fact, the Texas Legislature went in this program on the understanding we would be funding only 50 percent and if the Federal Government reneges on its share, and the Senate has been a leader in keeping that in the Federal budget, I don't know what the legislature is going to do, but they will have to reexamine where they stand on this thing.

The other is Mr. Riley's allegation that State inspectors are not as productive as Federal inspectors. We are very cooperative with our local region in operating out of Fort Worth with the Federal Railroad Administration, but the figures will not support his assertions. He has been misinformed.

In fact, Texas Railroad Commission inspectors on average inspect 25 percent more miles of track, more cars, and more locomotives. Though there are some differences in individual assignments, I would like to say we feel we can document very clearly we are at a minimum comparable in productivity with the Federal inspectors in the State.

Thank you.

Senator ANDREWS. Thank you very much for an excellent statement.

Mr. JAMES. Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT OF MICHAEL A. JAMES

Thank you for the opportunity to appear at this hearing to express the views of the Railroad Commission of Texas concerning the Federal Railroad Administration's state/federal railroad safety program.

The Commission entered the program in September of 1983 because of its concern for the safety of railroad operations in Texas. Due to the magnitude of Texas rail operations and the volume of hazardous materials moving within the state by rail, the Commission wanted to be involved in monitoring the safety performance of Texas railroads.

Railroad transportation is important to the Texas economy. Class I railroads own almost 14,000 miles of main track within our state. Over 3 million carloads of rail traffic were originated or terminated in Texas in 1983. Chemicals and related products accounted for nearly 27% of all rail traffic originated in Texas during that year.

In 1980, the Commission discovered a particularly disturbing fact about railroad safety in Texas: the 1979 railroad accident rate for 6 of the 7 Class I carriers operating in Texas was higher in Texas than it was for these railroads system-wide. In 1979, the average accident rate for Class I railroads within the State of Texas was 38 accidents per million train miles. The system accident rate for these same carriers was 21 accidents per million train miles. The combined accident rate for all of the nation's Class I railroads that same year was 22 accidents per million train miles. This trend has continued through 1983, the latest year for which complete statistics are available. In 1983, the Texas accident rate was double the national rate. In Texas, railroads experienced 24 accidents per million train miles while the national average was 11 accidents per million train miles.

This safety performance and a federal government report citing a shortage of rail safety inspectors prompted the Commission's decision to request state funds to enter the rail safety state participation program. The report was issued by the Comptroller General of the United States in April of 1982 and was entitled The Federal Approach to Rail Safety Inspection and Enforcement: Time for Change. Most notably, the report concluded that the Federal Railroad Administration did not have an adequate number of inspectors to cover inspection territories in the five (5) state southwest region which includes the State of Texas.

By the summer of 1982 it was obvious to the Commission that FRA needed help in Texas. The Texas legislature agreed with the Commission's assessment of the situation and added a strong stipulation to the rail safety appropriation. The state program was to supplement and not supplant the existing federal railroad safety program.

The Texas rail safety program began in September of 1983. The first inspector was certified in January of 1984. Today, state and federal matching funds have enabled the Commission to employ ten (10) inspectors: eight (8) are certified and two (2) are nearing certification. Since January of 1984 Railroad Commission personnel have inspected 6,338 miles of track and found 3,180 defects. Commission personnel have inspected 10,987 locomotives and freight cars and recorded 1,053 defects. Texas has conducted over 200 operating practices inspections and has identified over 400 deficiencies. The Commission has participated in 37 complaint investigations and has submitted 33 violations to FRA for prosecution under the Federal Claims Collection Act.

This activity occurred in a year when inspectors were being trained and certified. We expect inspection activity to double during calendar years 1985 and 1986, if federal matching funds are appropriated for fiscal year 1986.

Unfortunately, Texas state revenues have declined with the falling price of oil and the slowed pace of oil production. If federal matching funds are not appropriated, elimination of five (5) of our ten (10) railroad safety positions will be necessary.

The Railroad Commission's request is that you include $3,500,000 in the Federal Railroad Administration's budget to allow for a continuation of state railroad safety programs. Of that amount, based on current percentages, Texas should receive about $300,000.

This program benefits the State of Texas by providing additional rail safety enforcement personnel. But the State of Texas has not been and will not be the only beneficiary of this federal-state program. Here are some of the material and qualitative benefits which the federal government will realize in Texas due to state participation:

> Commission inspectors have been deployed in areas where FRA inspectors are not located. This deployment saves the federal government considerable travel time and expense. For example, the Commission has two (2) inspectors located in Lubbock. The closest federal inspector is located in Fort Worth, almost 300 miles away. The deployment of state inspectors around the state has resulted in smaller inspection territories, allowing federal inspectors to conduct more thorough and more frequent inspections. Smaller inspection territories will also allow FRA to direct more inspection resources to broad-based system assessments and special safety investigations.
>
> With state involvement, for 50 cents on the dollar the federal government gets 10 highly qualified railroad safety inspectors in Texas who are working to ensure that railroads conform to federal regulations.
>
> Many interstate shipments of chemicals originate in Texas. An adequately staffed state program can help to insure that the equipment and rails that move these shipments are safe. A major derailment of a chemical-laden train in Texas is not only a hazard for the local population and environment, it imposes costs in the form of delayed delivery and wasted resources on the buyer and on ultimate consumers of manufactured products.

The work of railroad safety regulation is going to increase. In recent years, railroads have dramatically reduced maintenance of equipment and maintenance of way personnel in order to lower operating costs and become more competitive in a deregulated industry. This reduction of maintenance personnel may be indicative of a deferral of normal maintenance and result in increased future accidents. Rules addressing drug and alcohol abuse are expected to be enacted soon. Enforcement of these rules will require a major committment of time on the part of operating practices inspectors.

Reduction of rail safety inspection forces at this crucial time would be a mistake. Railroad safety regulation is a responsibility which should be shared by federal and state governments; the economic realities are that it must be shared. Hopefully, this subcommittee agrees with this opinion and will appropriate funds to keep the federal/state partnership working effectively.

NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS

Senator ANDREWS. Our next witness is Mr. Walter Hernandez, representing the National Association of Regulatory Utility Commissioners.

Mr. Hernandez?

[No response]

[The statement follows:]

STATEMENT OF WALTER HERNANDEZ, CHIEF OF THE DIVISION OF HAZARDOUS LIQUIDS PIPELINE SAFETY AND ENFORCEMENT, CALIFORNIA STATE FIRE MARSHAL'S OFFICE, ON BEHALF OF THE NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS

Summary of Testimony on the Appropriations for the U.S. Department of Transportation Safety Grants-In-Aid Programs

* The National Association of Regulatory Utility Commissioners (NARUC) strongly urges that funding be appropriated for the natural gas and hazardous liquid pipeline, rail and commercial motor vehicle safety grants-in-aid programs, which provide for the implementation of Federally-mandated standards to improve our Nation's transportation safety.

* Under these four programs, Federal grants-in-aid are provided to participating States on a matching funds basis of up to 50 percent of the States' total program costs (80 percent for the motor vehicle program) thereby creating a uniform national safety program which is carried out at a fraction of the Federal funding level that would otherwise be required.

* Since its enactment in 1968, the natural gas pipeline safety program has proven to be a model of Federal-State cooperation; however, funding continues to be insufficient to meet the program's needs. The NARUC requests that $7.1 million be appropriated for this program.

* Although 17 States have jurisdiction and 6 States are in the process of procuring jurisdiction, the hazardous liquid pipeline safety program is in its fifth year without funding. The NARUC urges that $1 million in start-up funding be appropriated for this program.

* The FRA has sought to undercut the rail safety program by requesting **no** funding for it in FY 1986 which will force many States to withdraw from the program and will increase the amount of money the Federal government will have to pay to assure the same level of safety enforcement activity. The NARUC requests that the State rail safety program be preserved through the appropriation of $3.5 million.

* With new 1982 motor carrier size and weight standards permitting larger carriers to operate on our highways, safety is an ever-increasing concern of the States. We urge that $20 million be appropriated to the commercial motor vehicle safety program.

I. Introduction

My name is Walter Hernandez and I am Chief of the Division of Hazardous Liquids Pipeline Safety and Enforcement, California State Fire Marshal's Office. I am testifying today on behalf of the National Association of Regulatory Utility Commissioners (commonly referred to as NARUC). With me today from the NARUC are Paul Rodgers, General Counsel, and Phyllis B. Levine, Assistant Director of Congressional Relations.

The NARUC is a quasi-governmental, nonprofit organization founded in 1889. Within our membership are the governmental agencies of the fifty States and the District of Columbia, Puerto Rico and the Virgin Islands engaged in the regulation of utilities and carriers. Our chief objective is to serve the consumer interest by seeking to improve the quality and effectiveness of public regulation in America.

We appreciate this opportunity to express our strong support for continued funding of the Department of Transportation's (DOT's) safety grants-in-aid programs in Fiscal Year (FY) 1986. The natural gas and hazardous liquid pipeline, rail and commercial motor vehicle safety grants-in-aid programs provide for the voluntary State implementation of Federally-mandated standards to improve our Nation's transportation safety by providing Federal grants-in-aid to participating States on a matching basis of up to 50 percent (80 percent for the motor vehicle safety program) of the States' total program costs. As a result, these national safety programs can be carried out at only a fraction of the Federal funding level that would otherwise be required.

The NARUC is vitally concerned with the future of these safety programs since our members include those State regulatory agencies which are current or potential participants in them. Therefore, we strongly oppose any effort to eliminate or reduce funding for the Federal grants offered to participating States for the programs and we encourage that funding be appropriated for the initial implementation of the hazardous liquid program.

II. Natural Gas Pipeline Safety Grants-In-Aid Program

Since its enactment in 1968, the Natural Gas Pipeline Safety Grants-In-Aid Program[1] has proved to be a model of Federal-State cooperation in its efficient implementation of gas pipeline safety standards. As administered through the Research and Special Programs Administration of the DOT (RSPA), the pipeline safety program provides up to 50 percent in matching funds to assist participating States in enforcing gas pipeline safety regulations. While the Federal-State partnership in this program has worked effectively, funding in the past has been insufficient to provide the full 50 percent matching funds authorized by law. The NARUC strongly believes that full 50 percent funding is important to the program's continued success, especially since the number of Federal safety standards violations discovered by State inspectors has continued to increase.

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[1] 49 U.S.C. 1671.

In 1984, 47 States, the District of Columbia and Puerto Rico participated in this program and in 1985, 46 States, the District of Columbia and Puerto Rico are participating.[2] While the high level of State participation has continued, the funding needs have changed. In 1983 the States' requests for grants totaled $5,472,140 and in 1984 the request was $6,242,934, and for 1985 the request is $7,138,662.

Congress raised the appropriations for FY 1985 one million above the $3.5 million that was appropriated for FY 1983 and 1984. However, the monies still fall short of 50 percent matching funds. This year only twenty-six States are receiving the full 50 percent of their safety program costs.[3] Without full matching funds, the gas pipeline safety program will suffer.

Gas and hazardous liquid pipelines in the United States total approximately one and three-quarter million miles and transport more than half of the nation's energy supply. These pipelines carry large quantities of extremely volatile substances, often under high pressure, and expose large segments of the population to risks of potentially catastrophic proportions. In 1983, despite Federal-State inspection efforts, there were 1,580 gas pipeline failures resulting in 12 fatalities and 245 injuries. In 1984, while the natural gas pipeline accidents were down somewhat to 1,071 and the injuries to 239, there was an increase in fatalities to 35. While these figures appear down from the 1983 statistics, it is misleading because of a final rule released by the DOT in May 1984, increasing the dollar figure threshold for reporting accidents from $5,000 prior to July 1, 1984 to $50,000 or more after this date.

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[2] See Appendix A for a list of participating States (Idaho lost its inspectors and had to drop out of the program).

[3] See Appendix A.

The continued overwhelming State participation indicates the States' belief in the effectiveness of the program. We respectfully request that $7,138,662 be appropriated to support the continued success of the Natural Gas Pipeline Safety Grants-In-Aid Program.

III. Hazardous Liquid Pipeline Safety Grants-In-Aid Program

The hazardous liquid pipeline safety program, authorized by Section 205 of the Hazardous Liquid Pipeline Safety Act of 1979[4] is a Federal-State partnership for enforcing intrastate liquid pipeline safety. However, the program is in its fifth year and funds have never been appropriated. Presently, 17 States have proper jurisdiction for program eligibility through legislation and six States are seeking legislation to provide them with jurisdiction.[5] If this safety program is to become a reality, funds must be appropriated; however, once again the budget request for FY 1986 does not include funding for the hazardous liquid pipeline safety program.

On March 26, 1984, the RSPA issued a Notice of Proposed Rulemaking concerning extending the applicability of hazardous liquid pipeline regulations to intrastate pipelines.[6] The final rulemaking for intrastate hazardous liquid pipeline regulation was published in The Federal Register on April 23, 1985. However, without funding the States will be left with Federal regulations for the enforcement of intrastate safety measures and yet no money for implementing this enforcement. It is apparent that the States have an interest in this program and will soon have the regulations available to make it work. With the proper reauthorization and funding, the hazardous liquid pipeline safety program could play a vital role in pipeline safety.

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[4] 49 U.S.C., Sec. 2001.

[5] See Appendix B for a list of these States.

[6] 49 Fed. Reg. 11226 (March 26, 1984)

We strongly urge the Congress to help the State safety inspectors untie their hands for intrastate hazardous liquid pipelines by reauthorizing the Hazardous Liquid Pipeline Safety Grants-In-Aid Program at $1 million.

IV. Railroad Safety Grants-In-Aid Program

The NARUC is deeply concerned that the FRA has abandoned its commitment to the railroad safety grants-in-aid program, authorized by Section 206 of the Federal Railroad Safety Act of 1970[7], by again recommending that funding for the program be eliminated in the coming fiscal year.

Currently, agencies in 32 States are certified under the program evidencing their obvious commitment to assuring railroad safety.[8] The number of inspectors has also increased from 92 in 1982, to 100 in 1983, and to 111 in 1984. As a result, each year the Nation's rail system destroys fewer lives and causes less property damage. Between 1980 and 1984, train accidents decreased 55.5 percent, or 46.7 percent when normalized by train miles, railroad injuries declined 38.2 percent; railroad fatalities were reduced 12.1 percent; and grade crossing accidents declined by 25.3 percent.[9]

The reports we have received from our participating member agencies is that without Federal matching funds, budgetary restrictions may force many to reduce their level of participation or withdraw from the program entirely. States that may be able to continue operating a limited State rail program may lose their incentive to cooperate with Federal safety efforts. Any Federal cut-backs will reverse the trend toward safer railways which directly correlates with active State involvement in safety enforcement efforts and will increase the resources the Federal government will have to provide if required to completely fund the program.

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[7] 45 U.S.C., Sec. 435.

[8] For a list of the participating States, see Appendix C.

[9] Testimony of John H. Riley, FRA Administrator, before the Subcommittee on Transportation of the House Committee on Appropriations on April 2, 1985.

With 300,000 miles of railways and 1.7 million freight cars, this Nation cannot afford to curtail its rail safety program. In recognition of this fact, last year Congress appropriated $1.9 million for the program. The reduced appropriation was to use up carryover funds left over from previous years. For FY 1985, FRA will disburse over $3.2 million for State grants-in-aid. We respectfully request that the Subcommittee reiterate its support for this important program by approving its reauthorization with funding of $3.5 million in the fiscal year 1986 FRA budget in order to continue at least partial Federal funding of the program.

V. Commercial Motor Vehicle Safety Grants-In-Aid Program

As part of the Surface Transportation Assistance Act of 1982, signed into law by the President on January 6, 1983 (P.L. 97-424), Congress authorized the motor carrier safety program, which provides matching Federal funds of up to 80 percent of a participating States' program costs.

Administrated by the Federal Highway Administration's (FHA's) Bureau of Motor Carrier Safety, the transportation safety program's effectiveness will be monitored by FHA division offices located in each qualifying State. For FY 1984, safety grants were approved for 46 States and U.S. territories, and Congress appropriated $8 million for this program in 1984 out of an authorized $10 million. For FY 1985, the number of safety grants that were approved increased to 49, which includes both States and U.S. territories and Congress has appropriated $14 million for this program out of an authorized $20 million. The amount authorized is to rise by $10 million annually until it reaches $50 million in 1988. According to the Bureau of Motor Carrier Safety, the $8 million appropriated in 1984 was calculated on the basis that new programs are slow in their start-up costs. We would like to point out that now many States have moved from planning grants to implementation grants. In 1985, 21 States were in the planning stage while 28 were in the implementation stage. Therefore, the program will require at least the $16 million in the budget request for 1986.

With new motor carrier size and weight standards, mandated by the Surface Transportation Act, permitting larger carriers to operate on our highways, safety is an ever-increasing concern of the States. We respectfully urge that the Subcommittee continue its efforts in promoting motor carrier safety by appropriating the full amount authorized, $20 million, for the Commercial Motor Vehicle Safety Grants-In-Aid Program.

VI. Conclusion

The advantages of the Federal-State partnership for enforcing transportation safety regulation--the dollars saved in potential property damage and the immeasurable value in protecting lives--are adequate justification for full funding of the natural gas pipeline, rail, hazardous liquid pipeline and commercial motor vehicle safety programs. However, these programs share an additional beneficial feature in that the financial burden is shared by both the Federal and State governments. In this time of necessary budgetary restraint, such an arrangement is practical and efficient. The alternative is to eliminate all funding, which places at risk the continuation of these important safety programs. Without these programs, the Federal government is responsible for 100 percent of the cost of rail, motor carrier and pipeline safety;

with the programs the States are helping to subsidize these Federal costs. The Federal spending of $31.2 million will ensure the existence of a comprehensive safety plan worth twice that amount. We urge the Subcommittee to make available the funds to accomplish this eminently sensible goal.

Appendix A

1985 PIPELINE SAFETY GRANT ALLOCATIONS

STATE	GRANT NO.	REQUEST	ALLOCATION	% OF FUNDING
AL	DOT-GB-50001	$ 301,479	$ 142,216	23
AZ	DOT-GB-50002	$ 315,395	$ 140,202	22
AR	DOT-GB-50003	$ 71,857	$ 71,857	50
CA	DOT-GB-50004	$ 262,500	$ 111,989	21
CO	DOT-GB-50005	$ 71,655	$ 71,655	50
CT	DOT-GB-50006	$ 61,500	$ 61,500	50
DE	DOT-GB-50007	$ 10,520	$ 10,520	50
FL	DOT-GB-50008	$ 46,086	$ 46,086	50
GA	DOT-GB-50009	$ 101,500	$ 89,950	44
HI	DOT-GB-50010	$ 12,500	$ 12,500	50
IL	DOT-GB-50011	$ 173,870	$ 130,913	37
IN	DOT-GB-50012	$ 69,925	$ 69,925	50
IA	DOT-GB-50013	$ 68,900	$ 68,900	50
KS	DOT-GB-50014	$ 105,449	$ 98,381	46
KY	DOT-GB-50015	$ 198,923	$ 118,484	29
LA	DOT-BG-50016	$ 451,846	$ 172,887	19
ME	DOT-GB-50017	$ 13,375	$ 13,375	50
MD	DOT-GB-50018	$ 33,967	$ 33,967	50
MA	DOT-GB-50019	$ 118,440	$ 89,242	37
MI	DOT-GB-50020	$ 96,147	$ 96,147	50
MN	DOT-GB-50021	$ 93,868	$ 93,868	50
MS	DOT-GB-50022	$ 99,757	$ 99,757	50
MO	DOT-GB-50023	$ 123,512	$ 106,643	43
MT	DOT-GB-50024	$ 44,220	$ 44,220	50
NE	DOT-GB-50025	$ 57,710	$ 57,710	50
NV	DOT-GB-50026	4 26,739	$ 26,739	50
NH	DOT-GB-50027	$ 33,185	$ 33,185	50
NJ	DOT-GB-50028	$ 165,215	$ 110,907	33
NM	DOT-GB-50029	$ 118,850	$ 116,875	49
NY	DOT-GB-50030	$ 980,055	$ 334,680	17
NC	DOT-GB-50031	$ 107,221	$ 107,221	50
ND	DOT-GB-50032	$ 18,909	$ 18,909	50
OH	DOT-GB-50033	$ 177,815	$ 127,734	35
OK	DOT-GB-50034	$ 105,585	$ 100,184	47
OR	DOT-GB-50035	$ 49,187	$ 49,187	50
PA	DOT-GB-50036	$ 205,660	$ 117,411	28
RI	DOT-GB-50037	$ 58,358	$ 58,358	50
TN	DOT-GB-50038	$ 132,440	$ 121,555	45
TX	DOT-GB-50039	$1,255,579	$ 430,108	17
UT	DOT-GB-50040	$ 40,370	$ 40,370	50
VT	DOT-GB-50041	$ 30,435	$ 30,435	50
VA	DOT-GB-50042	$ 88,997	$ 82,500	46
WA	DOT-GB-50043	$ 44,150	$ 44,150	50
WV	DOT-GB-50044	$ 136,475	$ 122,623	44
WI	DOT-GB-50045	$ 131,094	$ 112,169	42
WY	DOT-GB-50046	$ 124,846	$ 109,210	43
DC	DOT-GB-50047	$ 81,121	$ 81,121	50
PR	DOT-GB-50048	$ 21,475	$ 21,475	50
TOTAL		$7,138,662	$4,450,000	31

NOTE: THE "REQUEST" REPRESENTS 50% OF THE STATE'S ESTIMATED BUDGET. THE "% OF FUNDING" IS THE PERCENTAGE OF THE BUDGET REPRESENTED BY THE ALLOCATION.

Appendix B

HAZARDOUS LIQUID PIPELINE SAFETY PROGRAM

SUMMARY

States With Jurisdiction	States Seeking Jurisdiction
Texas	Louisiana
California	Oklahoma
Wyoming	Mississippi
Pennsylvania	Alabama
Kansas	Washington
New Mexico	Wisconsin
Montana	
Ohio	
North Dakota	
Arkansas	
Arizona	
New York	
Iowa	
Nevada	
Hawaii	
West Virginia	
Oregon	
17	6

Appendix C

RAILROAD SAFETY GRANTS-IN-AID: NUMBER OF STATES AND PARTICIPATING INSPECTORS AS OF FEBRUARY 1, 1984

State	Track Inspectors	Motor, Power and Equipment (MPE) Inspectors	Operating Practices Inspectors	Signals and Train Control Inspectors	Total
Alabama	2	2			4
Arizona	1(1*)	1	1		4
California	2	1			3
Connecticut	1				1
Florida	2	2			4
Illinois	4				4
Iowa	3				3
Kansas	1				1
Louisiana	1				1
Maryland	1(2*)	2(1*)	1		7
Michigan	4				4
Minnesota	1				1
Missouri	3				3
Montana	1				1
Nebraska	1	1			2
Nevada	1				1
New Hampshire	1				1
New Jersey	1(1*)				2
New Mexico		1			1
New York	3	3(3*)			9
North Carolina	2	1			3
Ohio	3	4			7
Oklahoma	2				2
Oregon	2	2			4
Pennsylvania	4	3			7
South Carolina	1	1			2
Tennessee	2	2	1		5
Texas	3	2	3		8
Utah	1	1			2
Virginia	2				2
Washington	2	2	1	1	6
West Virginia	2(1*)	3	–	–	6
TOTAL (32 States)	65	38	7	1	111

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*denotes non-federally funded

Appendix C (cont.)

STATE ACCIDENT SAMPLE

TRAIN ACCIDENTS BY STATE, BY CAUSE

Participating States	1979		1982	
	T	E	T	E
Florida	58	22	8	8
New York	130	65	55	33
Ohio	198	86	72	38
Oregon	30	36	20	40
Pennsylvania	331	104	96	40
Washington	63	45	21	7
	810	358	272	166

T = 66.4 percent reduction
E = 53.6 percent reduction

Nonparticipating States	T	E	T	E
Arkansas	61	29	29	17
Indiana	130	51	58	32
Kentucky	151	61	57	15
South Dakota	27	6	25	5
Texas	297	117	183	80
Wyoming	22	24	15	16
	688	288	367	165

T = 42.2 percent reduction
E = 42.7 percent reduction

Source: Accident/Incident Bulletins Nos. 148 and 151, Federal Railroad Administration, 1980 and 1983.

CRITERIA FOR STATE ACCIDENT SAMPLE

General:

An attempt was made to choose two groups of six States each: a) States participating and b) nonparticipating States (as defined below) which in 1979 had comparable accident totals for track and equipment-related accidents.

Purpose:

To determine if the number of accidents attributed to track and/or equipment problems declined at different rates for participating vs. nonparticipating States.

Definitions:

Participating States--States of long-term participation and the FRA/State Participation Program fully, or nearly fully, certified in track and equipment inspection programs.

Nonparticipating States--States which do not or have participated only for a short period of time.

SUBCOMMITTEE RECESS

Senator **ANDREWS**. What do you know. We have amazed ourselves, we have finished. Nobody has to come back tomorrow.

The subcommittee is in recess until tomorrow at 10 a.m.

[Whereupon, at 11:55 a.m., Tuesday, April 30, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, May 1.]

MATERIAL SUBMITTED SUBSEQUENT TO THE HEARING

[Clerk's note.—Subsequent to the hearing, the following letters and statements were submitted for the record:]

LETTER FROM SENATOR DENTON

9 May 1985

The Honorable Mark Andrews
Chairman, Subcommittee on Transportation
and Related Agencies
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mark:

As you know, I remain concerned about the Coast Guard's icebreaker fleet and its ability to fulfill its mission. Despite our efforts last year, we have not thusfar seen effective action from the Coast Guard and the Department of Transportation to sustain a five icebreaker force and to take the necessary steps to place USCGC WESTWIND into a condition that will enable her to serve until replacements for the WIND class ships are available in early 1990s.

As you well know, much of the support for a four-ship fleet is based upon the Interagency report "United States Polar Icebreaker Requirements Study," dated July 1984. I have examined that study, but I must say that I do not find in it a compelling reason for reducing the fleet to four ships. Indeed, if I draw anything from it, it is that there is a need for five ships to meet current requirements effectively and that there would be a need for even more ships if the icebreaker fleet were funded through some means other than the complex arrangement that now prevails.

Because of my questions about the study, I asked the appropriate officials from the Navy, in the office of the Oceanographer, to discuss the matter with me. They have done so. I now believe even more strongly that the needs of the Navy, and of the nation, cannot adequately be met with a four-ship fleet.

Perhaps the major reason for that statement is a clear, although not officially stated, position on the part of the Navy that it believes that four operational icebreakers are required but that it is up to the Coast Guard to figure out how to provide them. The Navy is not directly concerned about whether casualties, requirements for overhauls, or other contingencies would affect the availability of the ships so long as four ships are available.

In other words, the Navy believes that it is the responsibility of the Coast Guard to make the resource available, but is not directly concerned about how the Coast Guard does it.

As you know, the Coast Guard believes strongly that its ability to meet a four-ship need with a four-ship fleet would be contingent upon the absence of major casualties and of an increased demand for icebreaking services by the user community as a whole.

The historical record indicates that, in the nature of things, major casualties to icebreakers occur with regularity.

We also know that, for Fiscal Year 1986, the Coast Guard has plans for major repair work on USCGC NORTHWIND. If that occurs, and if WESTWIND is no longer in commission or serviceable, the operational fleet will be reduced to three ships, all based on the West Coast. A three-ship fleet cannot meet the normal demands, much less have the capability to respond to unanticipated or crisis situations.

Moreover, it is the case that some of the needs for icebreakers, particularly from the Navy, are vital to our national security. I am sending you a separate letter dealing with some aspects of those missions.

I fully recognize that our current system for operating and using icebreakers is a complex and difficult one. Although I understand the budgetary reasons for that situation, I believe strongly that it is cumbersome and that it distorts the need and usage patterns for icebreakers. Moreover, it places the Coast Guard in an almost untenable situation.

That situation is one in which the users of icebreaking services, who are required to pay a portion of the costs of those services, maintain that they need the availability of four ships. In contrast, the agency with the responsibility for making those four ships available maintains that it needs five ships in its fleet if it is to be able reliably to have four ships operational to handle routine and exceptional tasks.

Doing the necessary repair work on WESTWIND to put her in shape to operate as part of the icebreaker fleet will cost about $6.4 million. As a member of the Armed Services Committee, where we regularly deal with amounts that defy comprehension, I must say that that figure strikes me as a bargain.

I am well aware that there may be annual operating costs for the ship that might be additive to current budget projections, although even that is not so self-evident as it might seem. Given normal maintenance cycles and the prospect of major casualties, I suspect that, in most years, only four icebreakers are going to be operating in any case. The marginal cost for the additional capability is, therefore, probably slight.

In accordance with our consideration of the matter last year, I hope that we can find a way to provide funding for the repair of WESTWIND in the earliest available legislative vehicle. Not only will that provide the flexibility and capability that we require for our icebreaker fleet, but rapid repair of WESTWIND will enable the Coast Guard to sustain its icebreaking capacity when NORTHWIND begins her own repair work.

My staff or I would be happy to provide you with any further information that you may require, and I of course would be delighted to discuss the matter with you if you desire.

Sincerely,

Jerry

Jeremiah Denton
United States Senator

STATEMENT OF GEORGE W. STEWART, JR., NATIONAL ASSOCIATION OF STATE BOATING LAW ADMINISTRATORS

The National Association of State Boating Law Administrators welcomes the opportunity to give testimony supporting the Coast Guard's request for funding the States' boating safety program through Federal motorboat fuel tax as authorized by the Sportfishing and Boating Enhancement Act of 1984 (PL98-369) "Wallop-Breaux."

This law, which passed in the 98th Congress, authorizes the use of a portion of the tax paid on marine fuel tax to be used by the States and the Coast Guard to help finance their boater education, boating law enforcement and boater safety programs. We feel this law will go far in reducing Federal involvement and shifting to the States the lead role in boating safety law enforcement and boating safety education. We feel this is exactly what the 1984 act is intended to do, and with this Committee's help, it will prove successful.

It is noteworthy that this law follows the guidelines recommended in the Coast Guard's roles and mission report to the Congress dated March 1982. In the report, they recommended that the States assume the primary role in boating safety law enforcement, while Federal involvement should be only to insure functions meet minimum uniform requirements.

Boating on our nation's waterways continues to grow by leaps and bounds with an estimated 15.5 million boats in use at the end of 1984. With this steady increase in boats in use, the need for a positive boating safety program has never been greater.

Our association feels that it is noteworthy that PL98-369, which authorized the use of Federal tax paid on marine fuel to be used for the States boating safety program received overwhelming support from nearly every organized boating group and the boating public. These organizations seemed unanimous in their efforts to seek out a way that boatings long-term interests could be best served if a steady revenue source was created by which the boating public could pay their own way. They wanted a program that would not cost the taxpayer one additional dollar from general tax revenue. What emerged from the 98th Congress was PL98-369.

Federal funds generated from the Federal motorboat fuel tax will allow the States to assume the lead role in boating safety law enforcement and assume more responsibility in boating safety and in educating the boating public, thus allowing the States and Coast Guard to continue to improve a most favorable Federal/State maritime partnership.

Prior to 1979, monies received by the States for boating safety came from general tax revenue. In 1980, this changed when Congress first authorized the use of Federal motorboat fuel tax to be used by the States to carry out their boating safety program. This important 1980 act, which proved so successful, was replaced in 1984 with another milestone legislation PL98-369. This new law continues and reaffirms the desire of Congress that this special user fee group "The Boating Public" pay their own way through a dedicated trust fund derived from the Federal motorboat fuel tax paid by boaters. This is as it should be and our association commends the Congress on this farsighted approach.

The wise use of the boating safety funds received so far has received high praise from sponsors and supporters alike. The States have increased their search and rescue capability, made great strides in educating the boating public both in the classrooms, on the water and through a home study course, enforcing boating laws and investigating boating accidents and directing corrective action be taken towards the cause of these infractions with a view towards making our waterways safe and the boating experience more enjoyable. Funds received have been used to update boats and associated equipment, purchase education materials, provide additional personnel, supplies and material to carry out the program. The fruits of our labor is that over the past 10 years the fatal boating accident rate has been reduced from 18.3 per 100,000 boats to 8.1 per 100,000 boats.

PL98-369 increased the ceiling on funds for our State boating safety programs from $15 million to $30 million. Our association obviously views with concern that the FY'86 budget request only asks for $13.625 million. The money is not funded from general revenues, but rather from a trust fund contributed wholly by boaters. We, therefore, ask this Committee's support in appropriating the full $30 million as authorized in PL98-369.

PL98-369 provides that any of the $30 million that is not appropriated to the boating safety program would roll over to the sportfishing enhancement programs in the Interior Department. Allowing more than 50 percent of these funds to roll over to the Department of Interior, as projected in the FY'86 budget, at a time when the need is so great in the area of boating safety is seriously questioned by our association.

Our association continues to believe very strongly in uniformity and reciprocity of our boating laws. This becomes more important as we see boats, like automobiles, frequently crossing State lines. We continue to believe that a boater in distress should be rendered assistance by the most expeditious means available. The Federal Boat Safety Act of 1971 gives the States positive guidelines for our Federal/State partnership. Funds generated from the Federal motorboat fuel tax provides the States the tool to carry out this act.

In summary, Mr. Chairman, our association believes that we have a close working relationship with the U.S. Coast Guard in carrying out a proven boating safety program known to be in the best interest of the boating public. Funds generated from the Federal marine fuel tax, as authorized by PL98-369, will not only further cement this Federal/State maritime partnership, but will go far in making safe and enjoyable boating a reality for the estimated 67 million recreational boaters who use our nation's waterways.

Thank you Mr. Chairman for allowing the National Association of State Boating Law Administrators to give testimony in support of funding for the State boating safety program.

STATEMENT OF RON STONE, DIRECTOR, GOVERNMENT RELATIONS, NATIONAL MARINE MANUFACTURERS ASSOCIATION

SUMMARY

The National Marine Manufacturers Association, the national trade association representing the recreational boating industry, respectfully disagrees with the Coast Guard Fiscal Year 1986 budget request as it pertains to recreational boating safety programs.

1. We oppose user fees for certain Coast Guard services. How can the Administration reasonably expect recreational boaters to pay more for Coast Guard services at the same time it is proposing freezing in the National Aquatic Resources Trust Fund established by P. L. 98-369 more than three-quarters of the motorboat fuel tax intended for boating and sportfishing enhancement? If this money were fully appropriated to the states it would enable the states to assume greater responsibility for recreational boating safety on Federal as well as state waters and thereby reduce the need for Coast Guard support. In most states today the Coast Guard provides only supplemental support or none at all for recreational boating safety. The states do the majority of the work. It is ironic, therefore, that the proposed Coast Guard budget would give the Coast Guard its full level of authorized funding from the Boating Safety Account but withhold more than half of the funds authorized for state boating safety assistance.

2. None of the motorboat fuel tax accruing to the Boating Safety Account of the National Aquatic Resources Trust Fund should be withheld or delayed as a gesture to deficit reduction. The money is contributed wholly by boaters. None of it comes from general revenues. If unappropriated it does not go into general revenues, but remains in the trust fund for future appropriations. The trouble is, money not appropriated from the Boating Safety Account is transferred to the Sport Fish Restora-

tion Account in the Trust Fund and irretrievably lost to boating safety. We cannot think the Transportation Subcommittee will conscience that.

3. We recommend funding state boating safety assistance at the full authorized level of $30 million for FY 86 provided in P. L. 98-369, as well as the $15 million recommended for the Coast Guard in its FY 86 budget request.

4. To propose that recreational boaters pay Coast Guard user fees at the same time that the Office of Management and Budget wants monies generated by recreational boating to be withheld is double taxation.

The National Marine Manufacturers Association, nationally representing more than 1,000 recreational marine equipment manufacturers, is dismayed that President Reagan's fiscal year 1986 budget proposal falls far short of the authorized level of funding for state recreational boating safety assistance programs under the Sport Fishing and Boating Enhancement Act of 1984 (P.L. 98-369). It is difficult to reconcile with the new initiative by the Transportation Department to collect user fees for services provided by the Coast Guard to recreational boaters.

Less than a year ago the President signed legislation setting aside total federal motor fuel taxes paid by boaters, plus other boating generated revenues, for federal financial assistance to state boating safety and fisheries management programs. Under the Act, the states are banking on receiving $30 million for each of the next several fiscal years which they would match 50/50 to carry out their priorities in boating safety law enforcement, education, search and rescue, aids to navigation, public access, and titling. An additional $15 million a year is reserved for the Coast Guard to help pay for its recreational boating safety programs including possible support for the Coast Guard Auxiliary.

We had every reason to believe that the White House liked the idea of using motorboat fuel taxes to aid boating and fishing. Both the President and the Vice President were widely quoted at the time of the passage of the Act as warmly endorsing it as a demonstration of the "user pay" tax philosophy.

We know full well how much pressures have intensified in the intervening months to find every possible way of cutting back on federal government spending to reduce the deficit. However, we maintain that cutting back on state boating safety assistance would be counterproductive and in the long run could wind up costing the federal government more.

The number of recreational boating enthusiasts on our nation's waterways has increased by 42 percent inside the past ten years. In that period of time the number of registered boats in use has mushroomed by three million Today there are 67 million Americans, or one out of every four, who go boating at least once a year.

The Coast Guard has neither the manpower nor the jurisdiction on many popular boating waters, which are purely state-owned, to look after boaters' safety. Therefore, the states have had to shoulder the major responsibility for law enforcement and education. That is why farsighted Members of Congress initiated a financial assistance program in the Federal Boat Safety Act of 1971.

Originally, grants to the states were funded by appropriations from general revenues, but as you know, this approach had to be discontinued in 1979 because of federal budget austerity. That is when the recreational boating community hit upon the idea of paying their own way by earmarking federal taxes on fuel used in boats for boating safety in the same way that more than two-thirds of the states have legislated the use of state taxes on marine fuel for boating safety.

Subsequently, in 1980 Congress first authorized the use of federal motorboat fuel tax for 50/50 matching grants to the states. In 1982, the Coast Guard encouraged this in its Roles and Missions Study Report to Congress wherein it recommended leaving the primary responsibility for recreational boating safety to the states.

The record will show that the states have made optimum use of federal financial assistance for recreational boating safety. In the past ten years, thanks to increased state law enforcement and education efforts made possible by federal aid, the fatal boating accident rate has been more than cut in half from 18.3 per 100,000 boats to 8.1 per 100,000 boats.

In recognition of this fact, Congress in the Sport Fishing and Boating Enhancement Act of 1984 increased the ceiling on federal aid for state boating safety programs from $15 million to $30 million. It defies all logic to propose that funding for this tried and proven program should be frozen at less than the maximum authorized under the pre-1984 law, especially when the taxpaying boating public is willing and eager to underwrite the cost with the taxes they pay on fuel used in boats.

To deprive boaters of the full value of their existing taxes only makes them more vulnerable to new or added taxes to pay for government services. The proposed Coast Guard user fees is a case in point. This is unreasonable and unfair. Further, it is a misplacement of emphasis to say that the Coast Guard needs more money for recreational boating safety services when the Coast Guard itself defers to the states and is only a supplementary or backup force on most recreational boating waters. If the states, on the other hand, were allotted their maximum authorized level of funding and could get on with their programs, it would further diminish the need for Coast Guard involvement.

This is borne out by a 1982 national survey which the National Marine Manufacturers Association conducted to learn the actual extent of Coast Guard involvement in recreational boating safety programs from state to state. Our survey found that in the majority of states the Coast Guard involvement was not even ten percent of the total effort. In fact, in many states there is no Coast Guard presence at all. It is only in certain coastal states and on the Great Lakes where the states depend upon the Coast Guard for help with search and rescue.

The point is, most states, given federal financial assistance wholly contributed by boaters' fuel taxes, are capable of doing the job of patrolling federal as well as purely state waters within their jurisdiction. If you appropriated $30 million, the maximum authorized level of funding for state boating safety programs under the 1984 Act, in conjunction with a Coast Guard policy of leaving non-life threatening search and rescue missions to licensed or certified commercial tow operators, it is possible that even the minority of coastal and Great Lakes states that still rely upon the Coast Guard for search and rescue operations could manage on their own.

We understand that the National Association of State Boating Law Administrators (NASBLA) recently surveyed the states to bring us all up to date on the importance of full funding of federally assisted state boating safety programs and to show how productive these programs are in saving lives and making the waters safer for boating and allied recreation. We urge you to study the results of the NASBLA survey. Then, ask yourselves, why only $13.625 million for state boating safety programs in the Transportation

Department's proposed FY '86 budget? Why not $30 million, as authorized? The money comes from a trust fund contributed wholly by boaters. Not one cent comes from general revenues. Moreover, the Sport Fishing and Boating Enhancement Act of 1984 is very specific that the money may only be spent on boating and allied programs. If the $30 million designated for state boating safety programs is not fully appropriated, the Act provides that the unexpended portion may be spent on aid for state sport fish management programs under the administration of the Interior Department. Surely this Transportation Subcommittee would rather see the money administered by the Transportation Department to have the states relieve the Coast Guard of responsibility for recreational boating safety so that the Coast Guard can concentrate on other important missions assigned to it by the Congress.

The National Marine Manufacturers asks the subcommittee to weigh the consequential benefits of full funding for recreational boating safety assistance against the negligible impact that withholding appropriations would have on the deficit, and to vote $30 million for the states and $15 million for the Coast Guard for FY '86.

Thank you.

STATEMENT OF J. DONALD REILLY, EXECUTIVE DIRECTOR/SECRETARY GENERAL, AIRPORT OPERATORS COUNCIL INTERNATIONAL

Mr. Chairman and members of the Subcommittee, I am J. Donald Reilly, Executive Director/Secretary General of the Airport Operators Council International (AOCI). AOCI is the association of the governmental bodies that own and operate the principal airports served by the scheduled airlines in the United States, as well as in many countries abroad. Our U.S. member airports annually enplane more than 90 percent of the domestic and virtually all of the U.S. international scheduled airline passenger and cargo traffic. In addition, our local government members operate many reliever and other general aviation facilities which supplement the larger airports in their communities and regions. (A listing of our U.S. members is provided as Attachment A.)

On behalf of our U.S. members, we are grateful for this opportunity to appear before the Subcommittee to urge its approval of full funding for the Fiscal Year 1986 airport development, planning, and noise compatibility programs as authorized by the Airport and Airway Improvement Act of 1982 (Title V, P.L. 97-248, September 3, 1982, as amended).

Full funding, Mr. Chairman, involves two key issues: (1) Congressional support of the Administration's Budget proposal to fund FY'86 airport development and safety grants at the authorized level of $1,017 million; and (2) Authority for FAA to obligate previous year AIP carryover funds. We will address both those issues shortly.

Our comments here, with their emphasis on the importance of the airport grant program fashioned by Congress, are totally consistent with the views expressed by us jointly with the other aviation associations in the prepared statement presented to you earlier today.

- Pending Airport Grant Applications Total $2.5 Billion for FY'86

The level of funds we are requesting in FY'86 is consistent with the Trust Fund authorization law, its currently available surplus as well as the backlog of applications pending within the Federal Aviation Administration for FY'86 airport grants.

Mr. Chairman, when we testified one year ago at these hearings, airport sponsors nationwide had pending applications for airport grant-in-aid funds at FAA totaling $1.5 billion. In contrast, at the current time there are now pending $2.5 billion worth of FAA-reviewed requests for grant funds.

This huge increase in demand is a sizeable jump in just one year. It is, further, consistent with FAA's total five-year projections of airport grant requests totaling $11 billion over five years.

We hope that the Congress will recognize the large backlog of capacity-oriented airport projects and make available as high a level of airport grant funds for FY'86 as is authorized under the current statute.

- National Airspace System Plan May Be Limited by Airport Capacity

The new FAA airport system plan simply reinforces the FAA's earlier acknowledgement that the success of its National Airspace System Plan may be dependent upon ground capacity. We agreed with the FAA Administrator when, in presenting his plan, he said:

> Of all the things that will limit the growth of aviation, it will be concrete or asphalt -- the lack of runway capability. ... It's certain airside congestion is going to get worse, since concrete will continue to be the primary limitation. ... 41 airports will have severe airside congestion by 1990 and up to 91 airports by the year 2000.

However, airports are not yet ready to agree with the airspace plan's pessimistic conclusion that quotas and flow control restrictions appear inevitable at most major hub airports because adequate airport capacity increases can't be achieved.

We are more optimistic than this. We think that capacity can be adequately increased. Our fear is that future Administrations may simply not want to provide large chunks of user tax money to increase airport operational capacity when the restrictive and essentially negative option of "quotas" could free up more Aviation Trust Fund monies for FAA salaries or for a "borrow-able" Trust Fund surplus.

- Administration-Proposed Airport Aid Levels Must be Supported as Minimums

Given the abundance of FAA's own airport and airspace planning data suggesting the need for airport capital development, AOCI members are pleased, as the joint aviation association statement indicates, that the Administration has proposed that you approve the $1,017 million FY'86 AIP funding authorized by the Congress.

Even though aviation users have already contributed excise tax revenues into the Aviation Trust Fund in amounts more than adequate to fund all airport and airway programs authorized by the 1982 enactment, the draft statutory provision proposed in the Budget documents for establishing a ceiling on FY'86 obligations for airport aid would prohibit FAA from obligating in 1986 some $306 million in carryover AIP contract authority from the past years. We have drafted a preferable version of that limitation language (Attachment B) for your consideration.

For FY'86, then, Mr. Chairman, we urge your Committee to approve full funding for airport and airway programs, for the reasons suggested above and in the joint aviation association testimony.

- AOCI Opposes Administration Proposal to Change the Trust Fund Structure

Finally, Mr. Chairman, we agree with the positions taken by the joint aviation associations in opposing the Adminsitration propsals not to pay interest to the Aviation Trust Fund on its carryover balance. In addition, the proposal included in the FY'86 Budget to increase the level of funds contributed by the Trust Fund for FAA operations and maintenance above the Trust Fund law's formula is strongly opposed by this association as well.

AOCI believes the legislative proposals of the Administration to change the Trust Fund structure should not be considered by Congress this year, but more appropriately should be considered by the authorizing Committees when the current Airport/Airway Improvement Act expires in FY'87.

Attachment A

January 1985

AIRPORT OPERATORS COUNCIL INTERNATIONAL
ROSTER OF MEMBERS
WITHIN THE UNITED STATES AND ITS TERRITORIES

ALABAMA

Birmingham - Department of Aviation

ALASKA

Alaska - Department of Transportation & Public Facilities
Juneau - City and Borough of
Ketchikan - Ketchikan International Airport

AMERICAN SAMOA

Pago Pago - Government of

ARIZONA

Phoenix - Aviation Department
Tucson - Airport Authority

CALIFORNIA

Bakersfield - Kern County Department of Airports
Burbank - Burbank/Glendale/Pasadena Airport Authority
Fresno - City of
Los Angeles - Department of Airports
Oakland - Board of Port Commissioners
Palm Springs - City of
Riverside - City of
Sacramento - County of
San Diego - Unified Port District
San Francisco - City and County of
San Jose - City of
Santa Ana - Orange County Airport
Santa Barbara - Municipal Airport
Stockton - San Joaquin County

COLORADO

Colorado Springs - City of
Denver - City and County of
Durango-La Plata - County Airport
Pueblo - Memorial Airport

CONNECTICUT

Windsor Locks - CONN DOT, Braley International Airport

DISTRICT OF COLUMBIA

Washington - Metropolitan Washington Airports

FLORIDA

Daytona Beach - Regional Airport
Fort Lauderdale - Board of Broward County Commissioners
Ft. Myers - Lee County Airport
Gainesville - Gainesville Regional Airport
Jacksonville - Port Authority
Melbourne - Airport Authority
Miami - Dade County Aviation Department
Naples - Airport Authority
Orlando - Greater Orlando Aviation Authority
Palm Beach - Board of County Commissioners
Pensacola - City of
St. Petersburg-Clearwater - International Airport
Sarasota-Manatee - Airport Authority
Tampa - Hillsborough County Aviation Authority

GEORGIA

Albany - Albany-Dougherty County Airport
Atlanta - Department of Aviation
Savannah - Airport Commission

GUAM

Guam - Government of

HAWAII

Honolulu - Department of Transportation

ILLINOIS

Chicago - Department of Aviation
Moline - Rock Island County Metropolitan Airport Authority

Peoria - Greater Peoria Airport Authority
Rockford - Greater Rockford Airport Authority
Springfield - Airport Authority

INDIANA

Fort Wayne - Board of Aviation Commissioners
Indianapolis - Airport Authority
South Bend - St. Joseph County Airport Authority

IOWA

Cedar Rapids
Des Moines - Department of Aviation
Mason City - Municipal Airport Commission

KANSAS

Industrial Airport - Johnson County Airport Commission
Topeka - Metropolitan Airport Authority
Wichita - Airport Authority

KENTUCKY

Lexington - Lexington-Fayette Urban Cuonty Airport Board
Louisville - Regional Airport Authority of Louisville and Jefferson County
Paducah - Airport Corporation

LOUISIANA

Baton Rouge - Greater Baton Rouge Airport District
Lafayette - Airport Commission
New Orleans - Aviation Board
Shreveport - Airport Authority

MAINE

Bangor - City of

MARIANA ISLANDS

Saipan - Bureau of Transportation
Saipan - Mariana Islands Airport Authority

MARYLAND

Maryland - State Aviation Administration

MASSACHUSETTS

Boston - Massachusetts Port Authority
Hyannis - Barnstable Municipal Airport

MICHIGAN

Detroit - Board of Wayne County Road Commissioners
Flint - City of
Freeland - Tri-City Airport Commission
Grand Rapids - Kent County Aeronautics Board
Jackson - County Airport-Reynolds Field
Kalamazoo - Municipal Airport
Lansing - Capital Region Airport Authority
Muskegon - County Airport
Traverse City - Northwestern Regional Airport Commission

MINNESOTA

Minneapolis-St. Paul - Metropolitan Airports Commission

MISSISSIPPI

Gulfport - Gulfport-Biloxi Regional Airport Authority
Jackson - Municipal Airport Authority
Laurel/Hattiesburg - Pine Belt Regional Airport Authority

MISSOURI

Columbia - City of
Jefferson City - Airport Commission
Kansas City - Aviation Department
St. Louis - Airport Authority
St. Louis County - Spirit of St. Louis Airport
Springfield - Municipal Airport Board

MONTANA

Great Falls - International Airport
Kalispell - Flathead Municipal Airport Authority
Missoula - County Airport

NEBRASKA

Lincoln - Airport Authority
Norfolk - Karl Stephan Memorial Airport
North Platte - Airport Authority
Omaha - Airport Authority

NEVADA

Las Vegas - Clark County Department of Aviation
Reno - Airport Authority of Washoe County

NEW HAMPSHIRE

Manchester - Airport Authority

NEW JERSEY

Atlantic City - Municipal Airport
Cape May - Cape May County Airport
Trenton - Mercer County Airport

NEW MEXICO

Albuquerque - City of

NEW YORK

Binghamton - Broome County Airport
Buffalo - Niagara Frontier Transportation Authority
New York - Metropolitan Airports Authority
New York - Port Authority of New York and New Jersey
Syracuse - Department of Aviation
White Plains - Westchester County Airport

NORTH CAROLINA

Asheville - Regional Airport Authority
Charlotte - City of
Greensboro-High Point - Airport Authority
Raleigh - Raleigh-Durham Airport Authority
Winston-Salem - Airport Commission of Forsyth County

OHIO

Akron-Canton - Regional Airport
Cincinnati - Kenton County Airport Board

Cleveland - City of
Columbus - Port Columbus International Airport
Dayton - Department of Aviation
Toledo-Lucas County - Port Authority
Youngstown - City of

OKLAHOMA

Oklahoma City - Airport Trust
Tulsa - Airport Authority

OREGON

Portland - Port of

PENNSYLVANIA

Lehigh-Northampton - Airport Authority
Middletown - Pennsylvania/DOT Bureau of Aviation
Philadelphia - Department of Commerce
Pittsburgh - Greater Pittsburgh International Airport

PUERTO RICO

San Juan - Puerto Rico Ports Authority

RHODE ISLAND

State of Rhode Island - Division of Airports

SOUTH CAROLINA

Charleston - County Aviation Authority
Columbia - Metropolitan Airport
Greenville-Spartanburg - Airport Commission

TENNESSEE

Blountsville - Tri-City Airport Commission)
Chattanooga - Municipal Airport
Knoxville - Metropolitan Airport Authority
Memphis-Shelby County - Airport Authority
Nashville - Metropolitan Airport Authority

TEXAS

Austin - City of
Brownsville - South Padre Island International Airport
Dallas - Department of Aviation
Dallas/Fort Worth - Regional Airport Board
El Paso - City of
Harlingen - Valley International Airport
Houston - City of
Midland - City of Midlan
San Antonio - Department of Aviation

UTAH

Salt Lake City - Airport Authority

VERMONT

Burlington - Airport Commission

VIRGINIA

Newport News - Peninsula Airport Commission

Norfolk - Port and Industrial Authority
Richmond - Capital Region Airport Commission

VIRGIN ISLANDS

St. Thomas - Virgin Islands Port Authority

WASHINGTON

Seattle - King County International Airport
Seattle - Port of
Spokane - Airport Board

WISCONSIN

Janesville - Rock County Airport
La Crosse - Municipal Airport
Madison - Dane County Regional Airport
Milwaukee County - Department of Public Works
Oshkosh - Wittman Field Airport
Rhinelander - Rhinelander/Oneida County Airport

WYOMING

Casper - Natrona County International Airport
Cheyenne - Airport Authority
Rock Springs - Rock Springs-Sweetwater County Airport

Attachment B

AOCI Alternative Provision to Administration's Proposed Limitation on FY'86 Airport Grants-In-Aid For Inclusion in FY'86 DOT Appropriations Bill

TITLE III - GENERAL PROVISIONS

* * *

SEC. ___. None of the funds provided in this Act shall be available for the planning or execution of programs the commitments for which are in excess of $1,423,000,000 in fiscal year 1986 for grants-in-aid for airport planning and development and noise planning and programs.

* * *

LETTER FROM PAUL DONHEFFNER, DIRECTOR, STATE MARINE BOARD, SALEM, OR

April 24, 1985

The Honorable Mark Andrews, Chairman
Sub-Committee on Transportation
Senate Appropriations Committee
United States Senate
Washington, D.C. 20510

Dear Senator Andrews and Members of the-Sub Committee:

In July of 1984, the Congress passed legislation which was very important to boating and fishing in Oregon as a part of PL 98-369. That law created a new sport fishing and boating enhancement trust fund (Aquatic Resources Trust Fund).

Revenues for the fund come directly from our boaters and fishermen through excise taxes on fishing equipment and federal motorboat gas taxes. The intent of the new law was to fund federal aid boating and fishing programs from these "user fees."

Oregon's 140,000 boaters saw the new federal law as a means of providing needed funding for boating safety, boating facilities, and marine law enforcement without creating a new tax--they already pay their federal motorboat gas tax.

Unfortunately, the Congress has not yet funded the program as originally envisioned. Although authorized for $30 million a year, the appropriation history for the past two years is far short of that--$12.5 million in FY '84, $13.625 in FY '85.

We estimate the Oregon boaters pay in excess of $750,000 each year in federal motorboat gasoline taxes. Oregon's FY '85 allocation is $203,754. Clearly, our boaters do not receive the full benefit of their tax.

If these boating and fishing user fees are collected but not returned they are really a specialty tax for general revenue. This was not the intent of Congress and should not be allowed to happen. If it does, it erodes public support for the user fee concept, and violates the spirit of this dedicated fund program.

I am asking for your assistance at the Sub-Committee on Transportation of the Senate Appropriations Committee to see that Congress lives up to the promise it made our boaters and fishermen when it created this trust fund last year. Your support for the full $30 million Boating Safety Program Appropriation is respectfully requested, for FY '86 and beyond.

Please include this letter as a part of the record during your April 30th hearing on the Coast Guard budget.

Sincerely,

Paul Donheffner
Director

STATEMENT OF BERNARD BENNETT, NATIONAL PRESIDENT, NAVY LEAGUE OF THE UNITED STATES

I appear before you today as the leader of more than 50,000 American citizens dedicated to the support of SEA POWER for our country - and of the United States Coast Guard as an element of that sea power. I should point out that unlike most military support organizations, none of our members is on active duty with any branch of the armed services, nor are we an organization restricted to retired officers or other career military. Mostly, we are ordinary citizens from all walks of life dedicated to the support of sea power.

The Navy League cannot support the President's FY'86 budget for the Coast Guard because we believe the 1.3% increase (real growth) in Operating Expenses, (OE) over FY'85 is inadequate for it to carry out its many missions. Furthermore, in light of the projected cost-of-living increase of 4.4%, the Coast Guard will end up with a minus 3.1% over that of the previous year. When one analyzes the Coast Guard's budget (OE) in constant dollars from FY'72 to FY'86, it can be seen that its maximum buying power was reached in FY'84, with a decline of about $6.7 million for FY'85 and a projected decrease of $17.3 million for FY'86. For FY'86, the loss in constant dollars for the overall Coast Guard budget, is $104 million. This trend in the Coast Guard's budget is cause for deep concern on the part of the Navy League.

Earlier this month at our 83rd National Convention in Washington, D.C., the membership unanimously adopted a resolution supporting increased material and personnel funding for the Coast Guard as a matter of urgent national necessity. We are united in our desire to see that this smallest of the sea services remains adequately manned and equipped, and highly motivated in its quest to retain and improve upon the operational versatility which has made its services so cost effective and invaluable to the nation.

While the Navy League recognizes the importance of reducing the budget deficit and the necessity for government departments and agencies to tighten their belts, we believe that an exception should be made for the Coast Guard because of its vital role in national defense, drug interdiction, and its proven record as an effective and efficient agency. The Coast Guard, by public law, is at all times, in peace and war, one of the armed services of the United States. Without adequate funding and personnel the Coast Guard will be unable to meet its national and international requirements, to the detriment of all maritime nations. We do not ask for increases in the Coast Guard's budget, in spite of expanded mission responsibilities, but merely for restoration of the $104 million necessary to bring the Coast Guard back up to a freeze budget. (It is noted that the Navy's budget for FY'86 provides for a 4.5% real growth increase over FY'85.)

We find it difficult to understand the Administration's proposed budget for the Coast Guard since the Congress has seen fit to increase it for the past few years in view of the Coast Guard's far-flung responsibilities. Let me enumerate: fisheries patrol, interdiction of ocean drug traffic, conduct of search and rescue missions, enforcement of anti-pollution laws in the nation's inland and offshore waters, port safety, port security, aids to navigation, inland waterway supervision, polar and domestic icebreaking, support of Antarctic research programs, inspection and licensing of merchant marine ships and their crews, supervision of pleasure craft operations, defense readiness at all times, and serving as an essential wartime partner with the U.S. Navy. The recent shift of responsibility for the Maritime Defense Zone (MDZ) from the Navy to the Coast Guard emphasizes and increases the service's responsibility for defense preparedness.

I shall not attempt to provide you with a long list of statistics; I know that other testimony has been fully adequate in that regard. Also, it is not my intent today to try to delve into the dollar amount and the meaning of line items in the Coast Guard's budget. However, there are certain issues involving the Coast Guard and its many missions which, in my view, do warrant discussion by a layman; particularly those involving national security and drug interdiction.

The Navy League is especially concerned about the disturbing trend in personnel actions which would be required by this budget. Manpower was a prime concern of this Committee's Authorization hearing last year. By setting a floor of 39,150 active duty personnel, Congress mandated that the Coast Guard should not get smaller. If we add the 157 U.S. Public Health Service doctors, working within the Coast Guard, it makes a total of 39,309. Our analysis indicates that this budget would fund only 38,220 active duty personnel, or 1,087 below the Authorization Act for FY'85 and FY'86.

It is our impression that these personnel reductions will leave the Coast Guard incapable of performing its wide ranging responsibilities without significant sacrifice or without degrading mission performance. The Navy League recommends that the Congress allocate $33 million of the $104 million requested overall to the Coast Guard's FY'86 personnel budget to achieve the personnel floor set by Congress in the CG Authorization Act of 1984.

The Coast Guard's role as a wartime partner with the Navy cannot be over emphasized in view of today's world situation when threats to American security have become more diverse. This past year alone, millions of people were involved in more than 30 armed conflicts throughout the world. These ran the gamut from civil unrest in Sri Lanka, to insurgencies in Central and South America, to civil war in Chad, to direct conflict between states in the Persian Gulf.

Today, the Soviets sit astride our vital maritime vulnerabilities in the Caribbean Straits, the Southeast Asian choke-points, the East and West African oil sea lanes, the Middle East oil sources, and off the Northern and Southern flanks of NATO. Our economy and security require not only oil from the Persian Gulf and the Caribbean, but strategic minerals from Southern Africa.

In our own hemisphere during 1984, the Soviets again deployed a major surface task force, including the MOSKVA guided missile helicopter cruiser, a new UDALOY class guided missile destroyer, a replenishment ship, and a submarine to the Caribbean. This was followed later in the year by another surface task force deployed to the Caribbean with a new SOVREMENNYY class guided missile destroyer and four other ships. These were the 23rd and 24th regular deployments to the Caribbean by the new Soviet blue water fleet. This is one more manifestation of their projection of maritime power into the hemisphere most visibly evidenced by the now near-continuous off-loading of Soviet military hardware from East-Bloc ships in Nicaragua.

Because the U.S. Navy now has three ocean responsibilities, its assets are spread thinner than ever. In time of tension or war, it will have far-flung responsibilities in the GIUK gap, the Indian Ocean, the Mediterranean, and the Western Pacific. As a consequence, in such times, the Coast Guard will of necessity be required to contribute far more to the defense of our own coastal waters and the Caribbean, despite its own limited assets.

Current peacetime operations for drug interdictions could well become anti-sabotage patrols. Port safety would become port security. Cutters on fisheries patrols would have an added ASW responsibility, etc.

Our maritime strategy recognizes and depends on close cooperation with allies and sister services. The past four years have seen major new agreements between the Navy/Marine Corps and the Coast Guard, the Army and the Air Force.

The Navy League regards the Administration's War on Drugs as a vital element of our national security. The news media accounts of the linkages between drugs, weapons, and terrorism in our hemisphere present a real life concern - not a remote abstraction. Illicit drugs are an insidious threat domestically because of their documented social and economic impacts. But consider the geopolitical problem. Illicit drugs offer a means for our adversaries to finance - with our purchases - their support of hemispheric terrorism and civil disturbance. We do not know the extent of this problem, but Federal indictments of Cuban and Nicaraguan officials in recent years are a chilling insight.

Fortunately, we have a unique national resource in the Coast Guard; it has the authority as well as the responsibility of enforcing our laws on the high seas. As an armed service, it has both present capability and the capacity to adapt to the future technical and logistic needs of this enforcement activity.

We should ask how the nation could make better use of the existing Coast Guard infrastructure to support a greater tempo of surface and air operations against the very real enemies of our nation. If the estimate of a cancerous $80 billion illicit drug business is even remotely accurate, how can we not invest in the Coast Guard's operational equipment and personnel. Examining the Coast Guard's budgets over the past several years, on a constant dollar basis, it is difficult to detect a real budgetary emphasis on the curbing of this problem.

As a concerned individual, and as president of an organization pledged to support the sea services and to educate others concerning their needs, I urge the members of this Committee to take the wise and courageous actions as necessary to ensure that the Coast Guard is funded sufficiently to meet its assigned responsibilities.

Our nation is committed to the strengthening of its defenses, and the Coast Guard, as an integral part of the defense structure, must be provided the modern equipment and personnel it needs to fulfill its role. These resources are necessary also for its peacetime missions, missions that are unlikely to diminish in the years to come.

Thank you.

STATEMENT OF TULINGA DEEGAN, VICE PRESIDENT, GOVERNMENT RELATIONS, REGIONAL AIRLINE ASSOCIATION

I am Tulinda Deegan, vice president - Government Relations for the Regional Airline Association (RAA). On behalf of our nation's short haul airlines, I appreciate this opportunity to appear before this committee regarding the Fiscal Year 1986 Appropriation for the Department of Transportation. There are two key programs that impact the regional airline industry -- funding for the modernization of the airport and airway systems and funding for the essential air service program.

RAA URGES FULL FUNDING OF AIRPORT AND AIRWAYS SYSTEMS

The RAA joins with the other aviation organizations appearing here today in urging full appropriations at authorized levels for the modernization of our national airport and airways system. Those levles requested by the Administration for airport improvements, airways modernization and the critical R & D efforts needed to support our plan are the absolute minimum necessary to keep this vital program on track. To appropriate any less will simply delay much needed safety and capacity enhancements for which funds already have been collected from the travelling public.

Like the other organizations, the RAA vigorously opposed the Administration's attempts to break the aviation trust fund. It is inconceivable that our government would propose to use monies collected on trust for air safety as a means of deficit reduction by borrowing that money at no interest. We urge Congress not to enact either this proposal or the Administration proposed revision to the formula by which Congress appropriates funding of FAA operations and maintenance functions.

The 1982 legislation which enacted this Airport and Airways Modernization Plan put into place "pay as you go philosophy which aviation users would fund 100 percent of all capital expenditures of FAA and 50 percent of its personnel costs through user taxes. While the subsequent appropriations have fallen short of the levels envisioned and authorized by Congress in 1982, that modernization plan is well on the way. We urge you to keep that commitment.

RAA URGES FUNDING OF THE ESSENTIAL AIR SERVICE PROGRAM

The 1986 Fiscal Year Budget proposed by the Reagan administration proposes to eliminate the funding for the Essential Air Service program. The Airline Deregulation Act of 1978 guaranteed 10 years of continuous air service to all communities then receiving air service. (The authority for administering the EAS program was transferred to the Department of Transportation from the Civil Aeronautics Board when the CAB sunset in December 1984.)

Subsidy Eases Transition

The Essential Air Service program has been a success. The total amount of subsidy has been steadily declining as the communities adjust to the deregulated environment. And, importantly, the major and national airlines have been freed to move their valuable equipment and resources, and thus fulfill the goal of a more competitive airline industry.

Only 146 of the 330 communities eligible for Essential Air Service are currently receiving subsidy. The importance of the regional airline industry in servicing the Essential Air Service communities is underscored by the fact that 320 of these communities or 97% of the EAS communities are served by regional airlines. Indeed, regional airlines are the exclusive carrier in 251 of these communities.

Regional airlines have met the challenge presented to them at the time the Airline Deregulation Act of 1978 was passed. Regional airlines have made aircraft and service commitments to this important program. Congress must not renege on its promise to these communities and airlines.

EAS Eligibility

A community becomes eligible for an Essential Air Service determination when the next to last air carrier notifies the Department of Transportation that it plans to eliminate all, or most, of its scheduled air service to that point. The DOT then must determine, on the basis of historic information, the minimum level of air service necessary to provide adequate community access to the antional air transportation system. A maximum also is placed on the gaurantee, assuming that the communities generating certain levels of passengers will be able to attract needed and self-sufficent air service.

If the Department is unable to secure a replacement carrier, the incumbent airline is required to maintain minimum service until a suitable replacement carrier can be found. Closely linked to the Essential Air Service program is a subsidy assistance program designed to compensate air carriers for losses incurred in providing service to eligible communities.

Continued Funding Urged

The RAA urges the Reagan administration and members of Congress to continue funding the Essential Air Service program until 1988. This valuable program has served the nation's small communities well. In addition to easing the transition to a deregulated environment, the effectiveness of the program has been proven by the steady decline in the annual subsidies.

CONCLUSION

In conclusion, the RAA urges full funding for both the airport and airways moderization program and the essential air service program in Fiscal Year 1986.

STATEMENT OF THE NATIONAL BUSINESS AIRCRAFT ASSOCIATION, INC.

On behalf of the more than 2900 companies operating more than 5200 aircraft as a means of facilitating the normal conduct of their day-to-day business activities which we represent, we thank you for the opportunity to present this statement for the record of the Subcommittee's hearings on FAA's FY 1986 budget request.

Many of the companies we represent are at the forefront of American business. As proof, we offer the statistic that of the 363 companies listed among the 1983 Fortune 500 industrials which operate aircraft, 329 are members of NBAA. We also represent the aviation interests of many smaller companies which own and operate single- and twin-engine piston aircraft. Collectively, our membership is responsible for one-third of this nation's Gross National Product. Business aircraft operators are convinced of the utility of their aircraft and use them to expand business territories and opportunities. Unfortunately, that utility continues to be threatened due to the inaction and misdirection of resources with respect to airport and airway development which began in the late 1960's.

Fortunately, Congress approved and enacted mechanisms to fund a large scale development program in 1982. The National Airspace System Plan, or NASP, is designed to bring tangible results in the form of enhanced capabilities in the airspace through modernization and automation. However, system improvement has not proceeded as planned and, in our view, the plan may never be fully implemented. This situation is particularly distressing when considering the strongly-supported NASP because, over the long term, it is our best hope to solve these many problems.

As an example of the problems facing operators, the capacity of the existing Air Traffic Control system is being exceeded in certain areas. As a result, artificial contraints are being imposed upon operators of all classes of aircraft in an attempt to ensure system efficiency. Consequently, delays are a routine experience in some areas of the country. Further, the delays are often imposed on aircraft thousands of miles away from the specific area experiencing the problem.

These problems are difficult ones indeed. They result from years of benign neglect on the part of successive Administrations and Congresses. However, they can be remedied. The remedy is a forthright one; appropriate the money collected from the system's users and pay for the expansion and modernization set forth in the FAA's National Airspace System Plan (NASP), originally approved by Congress in 1982, and for the Airport Improvement Program (AIP).

As this panel is aware, airline ticket holders, air freight users and private aircraft operators have, since 1982, been paying substantially increased user taxes levied specifically to finance airport development and to modernize the National Airspace System. Nevertheless, as the taxes have been paid by the users and collected by the government, the needed monies have not been appropriated. In fact, as of December 31, 1984, an estimated 7.0 billion dollars reposed in the Airport and Airways Trust Fund. All this while the system ages, adequate service is not provided to tax-paying users, and the NASP goes underfunded by an estimated $1.1 billion to date.

We believe the NASP is an essential, urgently required capital investment program. It is absolutely imperative that Congress, the Administration and the users work to maintain funding levels that do not stretch out the program and to sustain program momentum right through implementation. Failure to appropriate the money and continue with implementation will result in our nation's air transportation system continuing to show ever more distressing signs of overwork and old age. Delays will become more widespread and restrictions, either by regulation or legislation, will be necessary to maintain safety. Without adequate appropriations, costs of transportation to passengers, shippers and mail customers will climb. Most critical to the adequate growth of system service is the Facilities and Equipment and Airport Development Appropriations.

FACILITIES AND EQUIPMENT

The Administration is proposing $1.1465 billion be spent on FAA's Facilities and Equipment, $230.5 million below the FY 1986 authorized amount of $1.377 billion and $353.5 million below the original Department of Transportation request of $1.5 billion. We recommend that at least the full authorized amount of $1.377 billion be appropriated. The proposed amount is insufficient to meet the safety and capacity needs of the nation's air traffic control and navigation systems.

Even though associations such as NBAA represent those who put up the money for system development, we can never seem to get timely and authorative information on FAA's line item budget. This year we believe that there are a number of NASP programs that FAA intends to "protect". These programs are:

- Host Computer
- Advanced Automation System
- Airport Surveillance Radar Replacement
- Airport Surface Detection Equipment (ASDE)
- Systems Engineering & Integration
- Next Generation Weather Radar (NEXRAD), and
- Voice Switching and Control System

Logically then, all the other NASP programs are suffering reduced funding, which means a stretching out of the time frame for implementation. Unfortunately, the programs listed above provide their primary benefit to the FAA - not the user. All the programs that provide immediate benefits to users are suffering reduced funding and delayed implementation - thus further postponing the realization of their investment.

There has already been a shortfall of $790 million in F&E funding alone from FY 1982 through FY 1985. User taxes in FY 1986 will produce more than enough revenues to support full funding of F&E. There is no reason to delay any programs which could improve the safety and efficiency of the system. The users are entitled to have their contributions spent for the purposes and in the amounts originally intended.

The following are a few of the stretched out programs with which we are most concerned. We urge this Subcommittee to consider directing FAA to proceed with these projects.

PRECISION APPROACH CAPABILITY

As Congress approved the NASP, it approved the Microwave Landing System, or MLS, an electronic precision approach system designed to eventually replace the current ILS, or Instrument Landing System, as the nation's primary precision approach aid. In 1983, FAA made an arbitrary policy decision that no new ILS equipment, including some already in the agency's pipeline, would be approved for installation due to the anticipated purchase of MLS. Because of continued delay in funding the NASP, and thus in procurement of MLS, many airports across the nation still lack the precision approach capability for which they are qualified.

When FAA's plans were finally exposed for public scrutiny, we learned FAA planned to install many of the first MLS systems at airports which already possess precision approach capabilities. We took strong exception to this direct duplication policy which would result in no net gain in the number of locations with precision approach capability in our air transportation system. More than a year ago we joined with other aviation groups to ask FAA to make two specific proposals to alleviate this obvious capacity-limiting problem.

First, in an effort to quickly catch up with the increasing number of locations which desperately need precision approach capability, we recommended FAA purchase a few ILS systems to be installed at those airports which are eligible to receive their first precision approach equipment but had their plans aborted by the arbitrary FAA policy.

Second, we recommend modification of the proposed installation schedule of the MLS program. This would concentrate the initial buy of MLS equipment at those airports which currently have no precision approach capability, or those which have high weather minimums for existing ILS procedures because of terrain, or those which have siting problems unique to the airport which MLS is designed to alleviate.

At the present time we are again overtaken by events because the program has slipped, but we will continue to press for an intelligent implementation program which will serve aviation's need for additional and specialized precision approach capability.

FLIGHT SERVICE STATION MODERNIZATION

As this Subcommittee is fully aware, one portion of the NASP concerns the consolidation and modernization of the existing Flight Service Station (FSS) network from a decentralized, labor-intensive system using technology which is obsolete, into one which is capable of providing near real-time weather information to airborne aircraft and for planning purposes. The planned system will cost less in the long run, be more efficient of both the pilot's and the briefer's time and make full use of modern electronics and communications advances.

The current FSS modernization and consolidation program has been bouncing around inside FAA for years. As we understand it, the automation hardware has been built, the new FSS building program is under way (there are a number of buildings completed and standing empty) and FAA's lack of attention to supervision of the contractor has resulted in outrageous delays on software development. We simply have to get on with this program, and face up to the two remaining problems. The first is consolidation.

Consolidation of FSS's has become a political football. In any plan to consolidate facilities, there will be inconveniences to the majority stemming from loss of the benefits of a Flight Service Station at the local airport. The second problem is impressing FAA with the importance of this program to the nation's flying community. When airborne, there is simply no alternative to the FSS for the provision of flight services. We fully endorse FSS modernization and urge Congress to allow this program to proceed with the utmost emphasis.

AUTOMATED WEATHER OBSERVATION SYSTEMS

The need for periodic observation of weather at certain airports is the most critical need of business aviation today. Unfortunately, improvements in weather observation seem headed in the wrong direction. Rather than moving to more frequent observations at greater numbers of airports in the United States, we suffer a continual decline in the number of locations where periodic weather observations are made. With the losses from reductions of personnel at low activity Air Traffic Control Towers and the modernization and consolidation of the Flight Service Station system, this number is expected to decrease even further. Still unanswered is how FAA will meet the growing requirement for weather observations at airports with high levels of activity and no current or planned control tower or FSS to provide weather observations.

Development of Automated Weather Observation Systems (AWOS) once seemed to promise modern technological solutions to this problem. Unfortunatly, AWOS seems to be one of the programs that continually suffers postponement of implementation. It appears to us that the simplest part of the solution, the measurement and periodic transmission of wind velocity information, must await bureaucratic consensus on how best to accomplish the more esoteric parts, such as the measurement of cloud height and coverage.

We urge the immediate deployment of automated weather observation equipment which provides any of the following, (ranked here as to importance):

*1. Altimeter setting (barometric pressure)
*2. Wind Velocity and Direction
3. Visibility or Runway Visual Range (RVR)
4. Cloud Height (when at below 5000' AGL)
5. Temperature

* [The operational evaluation of WAVE (Wind Altimeter and Voice Equipment) at Frederick Municipal Airport, MD, proved to be of great value to aircraft operators and was widely accepted by the general aviation community.]

The safety of the nation's air travellers cannot wait until additional sensors are developed that will provide the information that is most difficult to measure. The equipment deployed should be of modular design so that additional sensors can be added at a later date, but the entire credibility of the weather information system is in the balance unless something is provided soon. Again, we urge that FAA be directed to proceed with this program in the manner outlined above.

OTHER PROGRAMS

Many other ongoing F&E programs which would help improve safety and capacity should be funded sooner rather than later. In these programs, procurements programmed for FY 1987 and beyond could be moved to FY 1986. These programs include:

- Upgrading the ATC Automation System at Atlanta and Chicago. These computers are approaching capacity and without the upgrade, may be unable to process all information obtained from radars.
- Replacing outmoded vacuum tube Airport Surveillance Radar (ASR) with modern dual channel equipment and re-installing these older ASR's at new sites.
- Installing RVR Sensors on additional runways.

- Installing approach lighting and visual approach slope guidance in anticipation of MLS installation later.
- VOR modernization and replacement.
- Installing Remote Microwave Links.
- Complete the Loran 'C' network to provide navigation signal coverage for the entire continental United States.

These F&E procurements can improve the safety, capacity, and efficiency of the system immediately. With adequate funds available in the FY 1986 authorization, there is no excuse for delaying these programs. Hence we recommend an F&E appropriation of at least $1.377 billion for FY 1986. To appropriate less would only mean higher costs in the future.

As to higher costs, we are also aware of a recent decision, FAA order 6850.26A, which deletes from consideration for federal funding lower cost and equally effective visual approach slope guidance systems. While we have some sympathy for attempts to standardize procurements, we also believe that lower cost solutions to aeronautical problems should be encouraged, particularly where the alternative to a lower cost system may be no system at all. We ask that FAA re-examine its position on such systems and allow airport operators the flexibility to make their own decisions on which type of system is the most appropriate.

AIRPORT INVESTMENT

Funding for airports through the Airport Improvement Program is also critical to future growth in aviation. The High Density Rule (FAR Part 93 subpart K) was created due to concerns about congestion problems and, in our opinion, has served to forestall many needed airport development programs. We can alleviate a great many of these problems by building expanded facilities for parking and servicing aircraft, lengthening runways, building additional and wider taxiways and by building new, "stub" runways to accomodate aircraft capable of shorter take-offs and landings.

Indeed, former FAA Administrator J. Lynn Helms proposed building 3000 foot-long runways parallel to existing ones in order to relieve the pressure on the longer, main runways. His proposal should be implemented with the utmost urgency.

Additional uses for airport funds would be to improve the status of reliever airports in this country. Although many facilities have been officially designated as "relievers" making them eligible for special funding, the money is not flowing to them as it should because it has not been appropriated. We must emphasize that this is the case not because the money is not in hand; it is. Once again, it is because the Administration and Congress have failed to spend the money collected from aviation users.

CONCLUSION

Aviation users have been subjected to taxation to provide for the development of our nation's airports and airways for fifteen years, and since 1982, have been paying significantly higher taxes to accomodate the need for rapid modernization of the system. To our continuing dismay, the current Administration, which promised solutions if only the users would put up the money, follows the pattern set by all of its predecessors by treating the money as if it were its own, and the operators as if their counsel was of no regard. The Congress, too, has not always been faithful to our agreed goals. The programs which take the brunt of budget cuts always seem to be those programs which offer fulfillment of essential safety and efficiency needs and would benefit the users who pay the taxes. We would expect that there might be some small differences between the Administration's goals and ours, but certainly not to the extent of our concerns with the programs we have highlighted here today. We urge Congress to examine our recommendations.

Thank you for the opportunity to present this statement.

STATEMENT OF J. DONALD REILLY, CHAIRMAN, INDUSTRY TASK FORCE ON AIRPORT CAPACITY IMPROVEMENT AND DELAY REDUCTION

I am J. Donald Reilly, Chairman of the Industry Task Force On Airport Capacity Improvement And Delay Reduction[1/]. This Task Force, originated under former FAA Administrator Lynn Helms and continuing under FAA Administrator Don Engen, is comprised of twenty-two principal representatives of U.S. airports, airlines, pilots, general aviation, business aircraft, air traffic controllers, and consultants.

Since its formation, this Task Force has unanimously recommended to FAA a number of measures to attack the growing U.S. airport congestion problem. As you will note from the attached Summary Minutes of its most recent meeting, held on March 20, 1985, the Task Force, with the full cooperation of the Federal Aviation Administration, is pursuing airport capacity improvements, for example, in the following areas:

1. Reduced longitudinal separation of aircraft on approach;
2. Simultaneous instrument approaches to converging runways;
3. More closely-spaced IFR independent parallel runway operations (from existing 4,300 feet separation to as little as 3,000 feet);
4. Triple IFR parallel runway operations;
5. Separate short runways used simultaneously with main air carrier runways (for commuter and general aviation operations);
6. Formation of individual Airport Capacity/Delay Reduction Task Forces at capacity constrained airports;
7. Visual segment approach concepts;
8. Runway configuration management systems;
9. MLS procedures and TERPS criteria development; and
10. Airport R & D programs to increase runway life, expedite construction procedures, and reduce runway repairs and reconstruction down-time.

FAA has been most cooperative in taking the leadership for performing safety simulations and arranging actual demonstrations of these capacity improvement concepts, with the full cooperation of the various segments of the industry (airports, airlines, pilots, controllers, etc.).

The Industry Task Force urges your full support for these beneficial and important industry-FAA initiatives, as well as your recognization and assistance in the public interest for funding these on-going projects within FAA, particularly as noted on page 7 of the attached Summary Minutes report.

It is our understanding that the requested funding levels noted on page 7 would be above the President's pending FY'86 budget requests. In addition, we urge you to include language in the Committee Report accompanying your appropriations bill urging FAA to comply with the recommendations of the Task Force as detailed in the attachment.

[1/] Members noted in Attachment II of the enclosure.

SUMMARY MINUTES
OF
INDUSTRY TASK FORCE ON AIRPORT CAPACITY IMPROVEMENT AND DELAY REDUCTION

WEDNESDAY, MARCH 20, 1985
WASHINGTON, D.C.

A. Opening

Don Reilly, Chairman, in opening the meeting, introduced the Task Force members and observers, and briefly reviewed the prior activities of the Task Force. It was noted that only one member of the Task Force was unable to attend. Some 55 representatives were in attendance at this Task Force meeting (copy attached).

B. Comments by FAA Administrator Don Engen

Admiral Engen noted that he continues his strong commitment to the achievement of more airport capacity or, otherwise, the problem will become a serious obstacle to sustained aviation growth. He stated that current major airports simply will not be able to cope with the growing traffic over the long run. He strongly endorsed the work of the Task Force and requested the continued input and recommendations of the group to assist FAA.

C. Reports on Task Force Recommendations

1. FAA Airport Capacity Program Office

A. Briefing

Bill Shea, FAA, reported that formation of an FAA Airport Capacity Program Office was in the final stages and will be publicly announced, probably by Secretary Dole, in April. The Office will be manned by a staff of seven, and will be responsible for evaluating and coordinating all airport capacity improvement proposals within the FAA.

B. Task force Discussion

During the day's discussion recommendations regarding the FAA Airport Capacity Program Office included:

(1) The administrator's appointing a very strong and knowledgeable person as the principal staff person in this new office.

(2) This office should have defined responsibility to recommend to the Administrator specific programs and funding requirements.

(3) This office should have specific authority to have programs implemented, with the assistance of other FAA offices as needed, after approval by the Administrator.

(4) A formal steering group at service director level within FAA should be formed to help coordinate inplementation of programs that involve other FAA offices.

2. Summary of FAA Capacity/Delay Activities

Sig Poritzky, FAA, presented a summary of current FAA capacity/delay activities involving the status of Task Force recommendations. This summary is included as Attachment I.

3. Reduced Longitudinal Separations

A. Briefing

Dick Barber, FAA, reported that reduced IFR longitudinal separation (for aircraft on approach to landing) to 2.5 NM is now being demonstrated at LAX (beginning March 4, 1985) and EWR (beginning March 11, 1985) with experience data being collected by air traffic control personnel.

Phase I is being conducted only on dry runways and Phase II will be done on wet grooved runways.

Atlanta and/or DFW will be included in Phase II, and begin about April 1, 1985.

B. Task Force Discussion

In order to allay any industry concerns regarding these demonstrations it is recommended that early and full notice be provided to pilots and airlines as each program goes into testing or demonstration, including timely notice to their Association headquarters.

The Task Force urges (1) early completion of the demonstrations, (2) all necessary changes in air traffic control procedures, and (3) implementation nationwide where practical.

4. Converging IFR Approaches

A. Briefing

Dick Barker, FAA, and Agam Sinha, MITRE, reported that there are no national standardized criteria for simultaneous instrument approaches to converging runways. A somewhat conservative approach was conceived involving a combination of visual separation and a concept referred to as "TERPS plus 3," which provides for a 3 mile separation between aircraft until visual separation can be applied or one of the aircraft has the runway in sight and can complete a landing. Early implementation of these criteria would provide both airport capacity benefits and pilot/controller experience as a foundation for future development. This new proposal was distributed March 11 to industry representatives for response by May 31. If responses are favorable an implementation date of early 1986 is possible.

B. Task Force Discussion

As there are at least 16 major U.S. airports that can use this capacity improvement concept, and as it can be applied at many other airports as well, it was agreed that a Task Force subgroup meeting of interested parties (airlines, pilots, etc.) be held April 22 to expedite approval of demonstration criteria, and that appropriate demonstrations be held at the earliest possible time.

Further, it is recommended that as TERPS+3 is probably a distinctly "conservative" concept, additional analysis and study to determine how to safely reduce operating minimums below that used with TERPS+3 be undertaken at the earliest date.

5. Closely-Spaced IFR Independent Parallel Runway Operations

A. Briefing

Herb Goldstein, FAA, reported that simulations of closely spaced independent parallel runway operations under IFR conditions have been completed in order to determine if existing separation standards of 4,300 feet can be reduced to as little as 3,000 feet. Aircraft arrivals under six experimental conditions were tested including different combinations of (1) runways spaced 4,300', 3,400', and 3,000' apart, (2) radar update rates of 5,2 and 1 seconds, (3) radar accuracies of 3,2 and 1 milli-radians, and (4) two displays, a standard digital radar display and one magnified (by a factor of 2) to increase the size of the display area between the two ILSs. All of the conditions used a 2,000 foot no transgression zone.

The simalation showed that for normal aircraft approaches in category 1 operations the 3,400 foot separation can provide a safe operation provided an ATC surveillance radar is used having an update rate of no more than 2 seconds and an accuracy of at lease 2-mrad.

Completion of an interagency agreement with the U.S. Navy for use of their AN/TPN-22 precision radar to monitor demonstrations, and a six month data collection of actual flights at the Memphis airport are needed.

B. Task Force Discussions

It is the recommendation of the Task Force that (1) early completion of the demonstration at Memphis be arranged; (2) data review from the Memphis demonstration be undertaken at the end of the first three months in order to consider shortening or other charges to the demonstration; and (3) that a local user group be formed to assist in an early evaluation of the benefits of the procedure.

It is further recommended that (1) the case for the sensor (radar) has been made and FAA should proceed with procurement of appropriate sensors; (2) that rapid study be undertaken to determine if less expensive alternative sensors may be appropriate; and (3) further analysis and simulation be undertaken, as needed to establish safety of operations at runway spacing of less than 3,400 feet.

6. Triple Parallel and Short Runway IFR Operations

A. Briefing

Agam Sinha, MITRE, reported on the significant capacity benefit from use of short runways at capacity constrained airports. Of the top 101 U.S. airports about 70% could benefit from separate short runways used simultaneously with main air carrier runways. Such short runways would be 4,000' to 6,000' with reduced load bearing requirements, for segregated traffic according to approach speed (commuter and general aviation aircraft), using ILS or MLS guidance. Such runways could be parallel to air carrier runways (with runway spacing determining dependence (less than 3,000') or independence (greater than 3,000') or converging (intersecting or non-intersecting).

There are a number of operating procedures that must be demonstrated first though, which will result from current research programs on the converging and reduced parallel runways recommendations of the Task Force.

Demonstration procedures must also be developed for triple parallels which will potentially increase arrival capacity by 50% over dual parallels. Again, the results of demonstrations now under way on reduced parallel and converging runways will be used as the basis to formulate demonstration procedures for triple parallels.

B. Task Force Discussion

The Task Force recognizes that these two concepts are being consider at various airports and their applications, if approved by FAA demonstration, can be extended to many airports in existence and those being planned.

The Task Force recommends that (1) the FAA recognize the "feasibility of Triple parallels" so that airports can consider this option now in airport master planning; (2) simulations on triple parallels be undertaken as soon as possible; (3) demonstration criteria for triple parallels be developed through the Task Force; and (4) that as results from the dual parallel and intersecting runway demonstrations are finalized that they be made available for application to demonstrations of short runways and triple parrallels at the earliest possible time.

7. Specific Airport/Delay Task Forces

A. Briefing

Bob Toenniessen FAA, reported that the individual airport delay Task Force program is now underway. The first will meet in April 1985 for JFK and La Guardia Airports. Three or four other individual airport Task Forces will meet before the end of 1985, and six to eight airport Task Forces will be scheduled to meet in 1986. The airport priority is now being established through contacts with industry representatives and the airports involved.

B. Task Force Discussions

The Task Force urges (1) quick approval by the airports involved so a final priority order can be determined; and (2) full FAA funding for these individual airport Task Force meetings.

8. Visual Segment Approaches

A. Briefing

Dick Barker, FAA, reported that the implementation of the STL LDA/DME runway 12L approach at St. Louis began on September 27, 1984 and resulted in increases of up to 18 additional operations per hour.

Because of weather conditions at Denver the "window" for simultaneous ILS/LDA/DME approaches to runway 35R/L has not been adequate to run demonstrations.

B. Task Force Discussions

The Task Force urged that the demonstrations be finalized as soon as possible and information on their results be disseminated so that application of these techniques may be used by other airports where they would prove beneficial.

9. Runway Configuration Management System (RCMS)

A. Briefing

Herb Goldstein (FAA) reported that a runway configuration management testbed is in place at the FAA Tech Center and display of testbed capabilities has been finalized. A remote terminal has now been put in place at Chicago's O'Hare Airport to facilitate and prove FAA's development of the testbed interactive capabilities, and an interface with central flow for demand data is being developed.

The fully functioning testbed is expected by September 1985, and RCMS AAS "A" specifications are expected by September 1986.

B. Task Force Discussions

The Task Force recommends that (1) higher priority be given to this project in order to advance an earlier date for the full demonstration of this concept at O'Hare; (2) early extension of the system to provide actual current and projected capacity predictions to FAA centers; and (3) early extension and implementation of the proven concept to other capacity constrained airports.

10. MLS Procedures and TERPS Criteria Development

A. Briefing

Duane Thomas, FAA, reported that FAA is currently finishing a series of 28 flight tests using all categories of aircraft leading to Category I, II, and III TERPS for MLS. Also, 540 approaches have previously been flown with B737 aircraft at NASA. FAA expects to produce MLS CAT-I TERPS by year's end, and it is anticipated that ICAO will be able to accept these criterias.

Questions were raised, though, on the rate at which the airlines will equip with MLS. It was the consensus that, once the benefit of MLS is fully demonstrated, the airlines will reconsider early equipment with MLS.

B. Task Force Discussions

It was generally agreed that MLS implementation will provide increased capacity and, in this respect, should be given a high priority for full demonstration and unbiased evaluation; and further, FAA should continue with analysis and exploitation of advanced MLS procedures which offer heightened capacity benefits.

11. Airport R & D Program

A. Briefing

Chip Mudd, FAA, reported on the AOCI/Task Force initiated, FAA supported, research and development plan related to physical development and maintenance of airports. A 30 to 40 percent increase in traffic with a 75 percemt increase in enplanements within the decade will result in increases in aircraft weight and increased frequency of aircraft operations through out the system. Means must be found to minimize the interruptions attendant to up-grading existing facilities and, at the same time , preserve or improve the airport capacity needed to handle the expected increases.

In summary the report states that airports "are faced with a direct concern for 20 to 25 billion dollars worth of additionally required pavement facilities and costs of up-grading many facilities for heavier aircraft, along with the attendant escalating delay cost of operational interruptions to permit" construction and reconstruction of runways. The report goes on to note that, " Since it is well established that improvements in the technology can provide for a significant part of the increased pavement demands and costs, it follows that the research and development plan presented will return its cost many times over in reducing direct cost of supporting the projected traffic increase, in reduced requirements for operating interruptions, and in reduced operating costs."

The survey consolidates some 200 "needs" statements into 93 task statements grouped under 10 program areas.

B. Task Force Discussions

It is the recommendation of the Task Force that the 93 task statements be reviewed and put into priority order based on (a) immediate priority (within a year), (b) shorter-term priority (one to two years), and (c) longer-term priority (beyond two years); and further, that the funding requirements for the 93 task statements be established.

Upon completion, the findings should be submitted to the FAA and other groups, as appropriate, for needed action.

12. Capacity Impact of the National Plan for Integrated Airport System (NPIAS)

A. Briefing

Jim Mottley, FAA, reviewed previous airport system plans, noting that:

YEARS	PLANNING DOCUMENTS	FEDERAL AID	TOTAL AMOUNTS
'46 - '70	NAP	FAAP	$1.2 B
'70 - '81	NASP	ADAP	$4.5 B
'82 - '87	NPIAS	AIP	$4.6 B

B. Task Force Discussions

It was the recommendation of the group that highest FAA priority should be encouraged toward NPIAS capacity enhancing projects.

13. FAA Budget Briefing

A. Briefing

Bill Plissner, FAA, stated that the FAA's FY 1986 budget, particularly in operations, will be very tight; and by FY 1988 the R & D funds will be half what they were in FY 1985.

It was generally agreed that, with reduced budgets in out-years, getting Task Force projects implemented will require FAA droping currently programmed projects or getting Congress to provide new additional funds. Further, it was noted the NAS plan includes relatively little capacity work.

B. Task Force Discussions

It was the recommendation of the Task Force that it attempt, through direct testimony at appropriate Congressional hearings, to make a case for additional funding for Task Force airport capacity improvement programs and projects.

It is the feeling of the Task Force that capacity is the major system constraint and, as such, deserves at least the same priority as the other major FAA modernization efforts. The Task Force recommends that a coherent continuous well funded effort is specifically required within the FAA budget.

It is further recommended that the full NAS plan be funded in order to help make other capacity projects work.

14. FAA R & D Plans for Capacity Improvement

Herb Goldstein, FAA, noted that FAA is now preparing a long-range R&D plan which will include some capacity improvement concepts.

Concepts will include: (1) Departure flow Management to provide interactive and real-time automation support for airport ground traffic management to enhance terminal area operational efficiency, with a (a) draft DFM concept document by December 1984, (b) AES concept for DFM completed by March 1985, and (c) "A" level specifications scheduled for December 1985; and (2) Airport Capacity Projections to provide interactive and real-time automation support to project the airport acceptance rate at big airports to aid in strategic flow management decision making, considering projected demand, weather forecasts, maintenance schedules and local regulations.

15. FAA Budgeting

A. Briefing

Quentin Taylor, FAA, noted that in FY 1985 FAA will spend $127 million on capacity related projects, including TERPS for MLS, closely spaced parallels, converging approaches, runway configuration management, departure metering, airport modeling, and addition of ILSs, approach lights and RVRs.

But a large number of important projects will remain unfunded, including research into sensors for close parallels, terminal airspace automation, implementation of advanced avionics, etc.

B. Task Force Discussions

It was recommended that, in light of the immediacy of the capacity problem, FAA should increase funding for, and priority of, projects that also have near-term capacity payoffs.

Further, that the Task Force should take its case directly to the Congress for new additional funding to undertake and continue work of the major Task Force recommendations, including such items as;

1) $1.25 million for each of FYs '86 and '87 for the individual airport task forces;

2) $900,000 in FY '86 for updating and completing the FAA model enhancement, validation, and use in task force; activities

3) $500,000 in FY '86 for analysis to determine feasibility and demonstrations of 3,000 foot runway separations, sensor alternatives and specification development for sensors;

4) $4 million in FY '87 for procurement of new sensors (radars) for closely spaced parallel runways;

5) $200,000 in FY '86 for follow-on analysis for evaluating reductions below "TERPS-3" on converging approaches;

6) $200,000 in each of FYs '86 and '87 for validation of short runway and triples procedures;

7) $200,000 in each of FYs '86 and '87 for expedited MLS procedures development and demonstrations;

8) $300,000 in FY '86 for expediting departure metering and near-term approaches automation;

9) $1 million in each of FYs '86 and '87 for longer range R & D for such applications as further airport automation, surface air traffic control, use of 4D RNAV, and continuing study of vortex avoidance techniques; and

10) $300,000 in each of FYs '86 and '87 for R & D and analysis for new approaches to better airport capacity.

16. Study of 22 Pacing Airports

A. Briefing

ATA reported on a recent study it conducted at the 22 pacing airports to identify projects that could result in near-term increased capacity. The main result of the study was the finding that capacity can be increased in the short term, and the study recommends various projects at each of the 22 pacing airports studied.

The study recommends a total procurement program of additional landing aids and associated hardware estimated to cost $90 million, and a construction program of runway extensions, new, angled and bypass taxiways, widening taxiway turn-offs, and other similar type projects estimated to cost $150 million.

The study states that if the recommended projects were completed there would be (a) an improvement in efficiency that would increase traffic flow with some residual benefits to the ATC system, and (b) a 10 to 30 percent improvement in the all-weather capability, depending on the airport, with an increase in one or two cases of as much as 50%.

B. Task Force Discussions

The ATA study was received most favorably by the Task Force. It was agreed that (1) ATA would contact each of the 22 airports involved in the study to determine their approval and support, and (2) the Task Force members would review the study for further suggestions.

It was recommended that the Task Force actively include support for the provisions of the study, to the extent finally approved by the Task Force, in its presentations to FAA to Congress for additional funding needs.

17. Impact of Flow Control/Demand Management

A. Briefing

Dan Creedon, FAA, noted that FAA will introduce three new programs to help alleviate the expected 1985 summer congestion problem at major airports. These will include enroute sector loading, enroute spacing program, and departure metering.

B. Task Force Discussions

It was questioned whether such programs would actually reduce the number of operations rather than providing added capacity for the system.

D. Conclusion

After further discussion it was agreed that:

1) The Task Force Chairman would prepare brief Minutes of this meeting for distribution.

2) As appropriate, the Task Force will prepare Congressional testimony to establish broader recognition of the capacity problem and to urge new funding for implementation of Task Force recommended projects.

3) The results of this meeting will be reviewed with the Administrator of the FAA.

4) As there is continued need for developing and discussing new ideas to attack the capacity problem, each member of the Task Force is asked to bring to the next meeting at least one new capacity enhancing idea for discussion.

ATTACHMENT I

3/13/85

MANAGEMENT STEERING GROUP ON SYSTEM CAPACITY/AIRPORT CAPACITY

CURRENT ACTIVITIES ON AIRPORT CAPACITY/DELAY

AAT/Regional Activities and Flow Management Improvements

- There is a broad range of local and regional activity to improve traffic flows, working with AAT. AAT is also working to improve the current flow control system through better data flow from Centers and terminals to CFCF.

- A study is underway to analyze elements of the airspace system resources, including capacity of airside and groundside elements. First step is development of criteria by which upper limits of safe sector capacity can be calculated. Sector loads and eventually system loads will then be determined. Work will be performed to determine aircraft demand characterization and delay characterization. First deliverable, En Route Sector Model, due April 1985.

- The En Route Spacing Program (ESP) is designed to smooth en route traffic flows by shadowing designated en route sectors, determining when bunching will occur, and applying appropriate spacing. The ESP concept is currently employed at various stages of development in Miami, Jacksonville, Washington, New York, Boston, Cleveland, and Minneapolis Centers and in the planning stages at various other facilities. The ESP program has proven to be effective in the reduction of in-trail restrictions which effect overall delays and will be operational at all Centers by May 1985.

Airport Capacity Improvement Concepts

- Agreement from Industry Task Force on criteria for acceptance of reduced longitudinal separation, independent IFR parallel approaches to 3,000 feet, and converging IFR approaches. Completed 12/83.

- Dependent IFR parallel approaches to 2500-foot runway separation implemented by AAT (11/83).

- Surveillance sensor for demonstrations of independent IFR parallel approaches at Memphis being leased from Navy; will be available May 1985 (AES). ACT simulation study to date shows no significant problems at 3450 feet (Memphis) spacing. Demonstration to begin June 1985 (AES).

- Limited baseline data gathering of current longitudinal separation and runway occupancy time completed at BOS/LGA/LAX/EWR (AAT/ADL-5). Formal data collection in two phases (dry and wet runways) start 3/4/85 in LAX (AAT/ADL-5).

- IFR converging approach minimums reduction (effort based on ADL-5/MITRE analysis endorsed by Industry Task Force). Preliminary study of converging IFR approach criteria completed (ADL-5/MITRE). Further analysis required to establish single criterion. Study of lowest practical safe minimums underway (AAT/ADL-5/MITRE).

  Procedures for converging approaches to conservative minima based on site circumstances:

  — Phase I - Draft procedures/criteria to be circulated 2/15/85.

  Procedures development only; no new funds required.

- Strawman criteria of acceptance for triple IFR approaches and IFR operations from separate short runways ready for Industry Task Force coordination (subject to final FAA Management Steering Group signoff). (AAT/ADL-5/MITRE). Demonstration funding not yet determined.

- IFR approaches with a visual segment implemented at STL 9/24/84, with substantial capacity gain (AAT).

  IFR approaches with a visual segment implemented at DEN 1/21/85 (AAT).

- Capacity/Delay Task Force Activities
  - Forty airports under consideration for task force activities, starting with LGA/JFK February 1985 (APO/ACT/Regions).
  - Priority of additional airports to be studied based on Regional responses to be established February 1985. (Management Steering Group and Industry Task Force).
  - Capacity/delay studies at eight more airports planned for FY-85 (APO/ACT/Regions), continuing at a rate of 9 to 10 per year.

  Funding currently available for three studies; $1M in FY-86 and onward.

- TMS and Associated Concepts
  - Runway configuration management system installed for test at Chicago O'Hare 1/15/85. Operational test to start in approximately 1 month. (AES/AAT).
  - Concept development of acceptance rate computation system and departure flow metering system (part of TMS) underway (AES). Completion expected in FY-88.

- MLS
  - Improved MLS TERPS criteria being developed (AVS/AAT).
  - MLS facility analysis and procedures analysis/development ongoing (AAT).

- Airport/Runway/Taxiway System Research and Development
  - Army Corps of Engineers (WES) developing requirements for airport R&D. Report nearly ready for FAA and Industry Task Force consideration.

- Validation of SIMMOD terminal airspace model in New York (late spring 1985) awaiting funding. If validation is successful, model use is planned for New York metropolitan area late FY-85, if funding available. (ACT).

- Modernize ADSIM and SIMMOD model at Technical Center to provide digitizer and graphic display (AEE/ACT). FY-85 funding shortfall $545K.

- Effort to reduce impact of wake vortices
  - Reclassification of DC-8 and B-707 under consideration.

- Additional work underway on Landside Issues, Institutional/Socioeconomic issues, and Human Resource issues. (ARP/AAT)

Current Airport F&E

Nineteen CAT I ILS systems will be delivered this year. Five of these systems will be held for emergency purposes.

In FY-85, ILS's will be procured for the following sites:

o	Huntsville, AL.	18L
o	St. Louis, Mo.	12R
o	Raleigh, N.C.	05 CAT II
o	Houston, Tx.	09
o	Houston, Tx.	27 CAT II
o	Dallas (DFW), Tx.	13R
o	Pittsburgh, Pa.	28C

Full ILS includes MALSR and RVR

CAT II includes ALSF II and Triple RVR

275 RVR systems are being procured over 6 years; in FY-85, 12 of these systems will be used to upgrade to CAT IIIB.

23 additional new RVRS systems to be delivered in 1985.

51 Wind Measuring Equipment (LLWAS) to be delivered in 1985.

68 Airport Runway Approach Lighting Systems (ALSF-2) are under contract.

182 mods to MALSR to place existing equipment on frangible structures.

Continuing procurement (as needed) of Runway-end Identification Lights (REIL), Visual Approach Slope Indicator (VASI), Precision Approach Path Indicator (PAPI), and Omnidirectional Lighting System (ODALS).

ATTACHMENT II

AIRPORT CAPACITY
TASK FORCE ATTENDANCE

March 20, 1985 Washington

J. Donald Reilly, Chairman
Executive Director and Secretary General
Airport Operators Council International

Robert J. Aaronson
Director of Aviation
The Port Authority of New York & New Jersey

John Baker
President
Aircraft Owners & Pilots Association

Ronald F. Birk
Manager, Facilities Technical Support
Eastern Airlines, Inc.

Joseph D. Blatt
Consultant
Watergate South

William C. Coleman
Director of Aviation
Massachusetts Port Authority

Richard Dinning
Vice President, Special Counsel
U.S.Air

Tom Duffy
Executive Director of Noise
Airline Pilots Association International

Oris W. Dunham Jr.
Deputy General Manager
Los Angeles Department of Airports

Thomas S. Falatko
Deputy for Transportation/Civil Aviation
Pentagon

Gabriel A. Hartl
Executive Director
Air Traffic Control Association

Professor Adib Kanafani
Acting Associate Director
Institute of Transportation Studies -
Berkeley
The University of California

Edward Krupinski
Engineering Air Safety
Airline Pilots Association International

Robert D. Malone
President
Allied Pilots Association

Robert S. Michael
Director of Aviation
Metropolitan Louisville Airport Authority

J. Chris Orman
Principal-in-Charge
Peat, Marwick, Mitchell & Co.

Norm Philion
President
Air Transport Association of America

S.B. Portizky
Manager, Technical Liaison Staff
Federal Aviation Administration

J. Dawson Ransome
President, Ransome Airlines
N. Philadelphia Airport

John H. Winant
President
National Business Aircraft Association

William D. Wise
Vice President, Quality Assurance
Beech Aircraft Corporation

Mel Volz
Vice President, Flight Safety & Industry
Affairs
United Airlines

STATEMENT OF THE VILLAGE COUNCIL OF ATKA, ALASKA

We regret that we could not send a representative from the Village of Atka, Alaska to present this testimony concerning the Essential Air Service program. We believe that Mr. Orin D. Seybert, President of Peninsula Airways, will do a more than adequate job on our behalf.

Atka is a remote island located in the Aleutian Chain of Alaska. There are approximately 100 persons living on the island; ninety percent of the residents are of Aleut descent. There is no local industry at present. The majority of the residents are in the lower income brackets. Atka has the distinction of being the farthest west civilian community in the United States. The closest neighbors are Naval Air Station Adak, approximately 90 miles to the west, and Nikolski Village, approximately 200 miles to the east. The closest urban city is Anchorage, Alaska, located 1,100 miles away. Transportation has always been a problem for the residents of the community.

The U.S. Army constructed a runway of steel matting on Atka during World War II. The runway deteriorated so badly that planes were not able to land on the island after 1956. From 1956 through 1977, the only way passengers and mail could be transported on and off Atka was by U.S. Navy tug boat from Naval Air Station Adak. It was a difficult trip, made once a month and lasting twelve hours each way. In late 1977 the Navy decommissioned the tugs. Atka was without transportation or mail service for four months. Early in 1978, arrangements were made by the Bureau of Indian Affairs with the Office of Aircraft Services to fly a Grumman Goose amphibious plane to Atka from Adak on a bi-weekly basis. The plane landed in Nazan Bay directly in front of Atka Village. The OAS was able to provide limited service at best.

The Essential Air Service program enabled Peninsula Airways to take over the service in 1981. Peninsula Airways also used an amphibious plane until 1982, when the State of Alaska completed construction of a 3,500 foot paved runway. The planes still fly on a bi-weekly basis but Peninsula's service is the best Atka has ever had. The planes bring in all passengers, mail and freight to Atka. The majority of the food consumed by members of the community is brought to Atka on the planes. Peninsula Airways has willingly arranged its flight schedules to fit the needs of the residents of the community. This service is only possible with the subsidies supplied by the Essential Air Service program. Without the EAS funding, Peninsula Airways could not afford to fly a plane into Atka on a regularly scheduled basis.

If air transportation service to Atka were to cease due to the discontinuance of the Essential Air Service program, the residents of Atka would suffer significantly. All travel in and out of the village, even necessary travel for business and medical purposes, would cease. There would be no mail deliveries. Residents would have to rely on subsistence activities to supply food, but hunting and fishing would not meet all the food requirements of the community. Furthermore, the residents of Atka are working to start a local bottomfisheries industry; regular transportation service is indispensible to the development of a local economy. The only alternative to Peninsula's services would be charter air transportation. But Atka is an economically disadvantaged community and cannot afford to pay $3,000 for a charter from Cold Bay, Alaska. Without regular air service, Atka would be "cut off" from the rest of the world again.

Atka has always been one of the most difficult communities in Alaska to get to. The fight for reliable, regular transportation has been the community's number one priority for over 30 years. While the service is not at the ideal level the community would like it to be, it has at least met the essential needs of this community and allowed us to keep up with and enjoy some of the benefits of western society. We urge Congress and the Reagan Administration to reconsider dissolving the Essential Air Service subsidy program completely. Atka and other communities will be severely impacted if this essential service is discontinued.

STATEMENT OF ROBERT A. BLAIR, ON BEHALF OF ALAMO RENT A CAR, INC.

This testimony is being provided to the Committee to point out a growing problem affecting the service providers who serve the millions of air travelers using the nation's federally-funded airport system. Alamo is basically an off-airport rental car company with a fleet of tens of thousands of vehicles serving most major cities in the Southeast, the Southwest, the Western United States and Hawaii. In the majority of these locations, Alamo maintains business premises close to, but not on, the airport property. Alamo's sole contact with such airports is the use of the public airport roads and loading and unloading areas to pick up or discharge customers who utilize its complementary courtesy transportation between the airport and Alamo's off-airport business premises.

Alamo and other off-airport rental car companies have been able to compete with the on-airport rental car companies because of the substantial price advantage they can provide the consumer. As Alamo and other non-tenant companies do not maintain business facilities on-airport, they do not pay the airport leasing, use and other fees which such on-airport companies like Hertz and Avis do. While off-airport rental car companies lack the locational advantage that the on-airport companies have, they compensate by providing lower prices and free transportation between the airport and their off-airport offices thereby attracting the leisure class travelers who seek such lower prices. The off-airport companies also provide competition in the relatively closed airport rental car market and provide travelers who might otherwise be unable to obtain rental cars the opportunity to do so at affordable prices.

Furthermore, unlike many on-airport companies, almost all of Alamo's customers arrive at their destination by air with pre-arranged reservations. The vast majority of those reservaare made by wholesale sources such as airlines, travel agents, tour packagers and charter operators. Customers may call an 800 reservation number directly, but advertising of this is limited and usually in conjunction with an airline or tour group. The small amount of walk-in or non-reservation business exists primarily during peak holiday travel periods when the availability of cars at all car rental facilities is limited or non-existent.

Recently, however, several airports have attempted to levy excessive or unreasonable fees on off-airport rental car companies which could effectively drive such companies out of business. Several airports have enacted fees which require off-airport rental car companies to pay a percentage of their gross receipts to the airport in order to use the access roads and passenger loading and unloading areas which are provided to the rest of the public free of charge.

Such fees often are similar or identical to those charged on-airport rental car companies. However, unlike the fees charged on-airport companies, the fees charged off-airport companies often are combined with severe restrictions such as: (1) allowance of only one courtesy vehicle per company on airport property at a time; (2) limited access to passenger pick-up and discharge areas; (3) allowance of the airport operator to audit all business records and accounts of the off-airport rental car companies; (4) requirement of comprehensive general liability insurance coverage on all business operations, employees and customers; and (5) requirement of an indemnity agreement to hold the airport operator harmless from any claims arising out of the rental car companies' operations. The off-airport rental car companies must pay the aforementioned fee and abide by such additional regulations merely to utilize the airport access roads and public passenger pick-up and discharge areas open to the general public free of charge. In addition, the fee often is required in order for an off-airport rental car company to advertise on the airport property, although such advertising can be subject to additional fees and charges as well.

In contrast, at most airports on-airport rental car companies are required to pay a ten percent gross receipts fee for their on-airport concessions. They also pay minimal rent for counter areas and parking spaces on the airport premises. For payment of this gross receipts fee, on-airport rental car companies are not subject to the host of restrictions imposed on off-airport rental car companies, and, in fact, such on-airport rental car companies are given much greater access to the airport property and the airport premises.

Forced to pay more money merely for restricted and limited access to the federally-supported public airport system, off-airport rental car companies are faced with a dilemma. They will have to pay these excessive fees merely to maintain their business operations -- without access to air travelers, these companies will be without customers as it is unlikely that customers will utilize off-airport rental cars without free transportation to and from the airport. However, in order to pay these fees, the off-airport rental car companies will be forced to increase their prices. Such increases will have the effect of pricing these companies out of the market which they serve.

In addition, these fees impose a burden on the interstate air travelers. The air traveler will be forced to pay more for his interstate journey merely to obtain transportation to and from the airport. Moreover, such fees have the effect of limiting the alternatives available to the interstate air traveler on the means by which he can arrive or leave the airport.

A further difficulty posed by these fees is their total lack of relationship to the amount of use Alamo or other off-airport rental car companies make of the airport roads or passenger loading and unloading areas. For example, a passenger might rent a car for one week for $100 while another passenger might rent a car for two days for $20. If the airport imposes a ten percent gross receipts fee, the end result is that the off-airport rental car company will pay the airport ten dollars for the one passenger and two dollars for the other, although the company's use of the airport roads and loading areas is the same for both passengers.

Quite simply, Alamo considers such discriminatory fees to be anticompetitive, restrictive of public access and consumer choice, and without any basis in the costs incurred by airports relative to the use made of airport facilities by such non-tenants. If allowed to stand, these restrictive and discriminatory practices will spread even further throughout the country, and into other airport-related service industries, to the severe further detriment of consumers and businesses alike. Although off-airport rental car companies and other off-airport service providers are willing to pay reasonable user fees for the use of airport access roads and ramps, they should not be required to pay a fee which is in no way related to their use of the airport.

In response to this serious problem, the House Report on the FY85 Department of Transportation and Related Agencies Appropriations Bill (H. Rep. No. 859, 98th Cong., 2nd Session) included the following language:

> [t]he Committee has become aware of the fact that certain airport authorities eligible to receive airport grant funds have begun to charge gross receipts fees to non-tenant service providers such as freight forwarders, hotels, motels, limousine services, and rental car companies for access to the airport. Although the Committee recognizes that airports may charge reasonable and non-discriminatory user fees which comply with sections 1513 and 2210(a)(1) of title 49 U.S.C., section 1513(a) prohibits direct or indirect fees "on persons traveling in air commerce or on the carriage of persons traveling in air commerce or on the gross receipts derived therefrom". Gross receipts fees on non-tenant service providers may violate this provision if they do not bear a reasonable relationship to the actual use of the airport roads and ramps by a non-tenant user. In contrast, a clearly permissible user fee is one which is imposed by an airport authority to cover operating and maintenance costs attributable to actual use of such roads and ramps by non-tenant service providers.

> The Committee is concerned that the FAA, in its administrative and oversight capacity under the applicable law, may not be taking the actions necessary to prohibit the imposition of impermissible gross receipts fees on non-tenant service providers. Since such fees may be an unreasonable burden on interstate commerce, the Committee directs the FAA to study this matter and report within ninety days on whether further actions by Congress are necessary to restrict the use of such gross receipts fees by any airport recipient of FAA funds. Id.

The report by the FAA which was required by that language was provided to the Congress in March of this year. Alamo has serious questions with the report's conclusions and finds the report to be unresponsive to the very serious consumer and business issues relevant to gross receipt fees on non-tenant service providers. Alamo has prepared a detailed response to that Report, which will be provided under separate cover for the Committee's files.

Alamo respectfully asks that the Committee review this issue, in light of the FAA's Report and the Alamo Memorandum, and take appropriate action to ensure consumer choice, public access, open competition, and non-discrimination in the provision of nontenant airport services.

MEMORANDUM

I. Introduction

This memorandum responds to a report prepared by the Federal Aviation Administration ("FAA") as a result of language contained in the House Report to the FY85 Department of Transportation and Related Agencies Appropriations bill, H. Rep. No. 859, 98th Cong., 2nd Sess. 37 (1984) regarding the imposition of gross receipts fees on non-tenant service providers (the "Report").

In requesting the Report the House Transportation Appropriations Subcommittee stated that:

> [t]he Committee has become aware of the fact that certain airport authorities eligible to receive airport grant funds have begun to charge gross receipts fees to non-tenant service providers such as freight

> forwarders, hotels, motels, limousine services, and rental car companies for access to the airport. Although the Committee recognizes that airports may charge reasonable and non-discriminatory user fees which comply with sections 1513 and 2210(a)(1) of title 49 U.S.C., section 1513(a) prohibits direct or indirect fees "on persons traveling in air commerce or on the carriage of persons traveling in air commerce or on the gross receipts derived therefrom". Gross receipts fees on non-tenant service providers may violate this provision if they do not bear a reasonable relationship to the actual use of the airport roads and ramps by a non-tenant user. In contrast, a clearly permissible user fee is one which is imposed by an airport authority to cover operating and maintenance costs attributable to actual use of such roads and ramps by non-tenant service providers.
>
> The Committee is concerned that the FAA, in its administrative and oversight capacity under the applicable law, may not be taking the actions necessary to prohibit the imposition of impermissible gross receipts fees on non-tenant service providers. Since such fees may be an unreasonable burden on interstate commerce, the Committee directs the FAA to study this matter and report within ninety days on whether further actions by Congress are necessary to restrict the use of such gross receipts fees by any airport recipient of FAA funds. Id.

In response to this language, the Report prepared by the FAA summarily misconstrues case law and legislative history to the contrary and simply concludes "that Congressional action would be required to address the issue of the imposition of a gross receipt or other similar fee or tax imposed by airport operators on non-tenant non-aeronautical service providers since this activity is outside the FAA's authority to regulate air commerce." Report at 21.

The FAA comes to this conclusion by finding that 49 U.S.C. § 1513 does not prohibit the imposition of such a fee since the activities of non-tenant service providers do not fall within the definition of "air commerce." According to the Report, since the FAA's authority is limited to activities which fall within the definition of "air commerce," the FAA is "without authority to intervene in this economic issue between off-airport non-tenant rental car companies and airport operators." Report at 4.

In reality, sufficient authority exists, both in the FAA's statutes and in case law, to warrant FAA intervention to prevent this discriminatory and potentially illegal conduct. Accordingly, as will be demonstrated fully below, Congress should act to require the FAA to prohibit the imposition of gross receipts fees on non-tenant service providers.

II. Analysis

A. Section 1513

The FAA's Report claims that "some type of legislative action would be needed to extend the protection of section 1513 to non-tenant, nonaeronautical users */ or [sic] the airport or airport facilities." Report at 8. Section 1513 provides, in relevant part, that "no state (or political subdivision thereof. . .) shall levy or collect a tax, fee, head charge or other charge, directly or indirectly, on persons traveling in air commerce or on the carriage of persons traveling in air commerce . . . or on the gross receipts derived therefrom. . . ." **/

The FAA Report argues that although the activities of non-tenant car rental companies may be part of interstate commerce, they are not part of "air commerce" as defined by Section 101(4) of the Federal Aviation Act, and thus do not come within the prohibitions of Section 1513. The FAA states that "it is arguable that the activities of . . . off-airport rental car companies may be within interstate commerce." However, according to the FAA, there is nothing to suggest "that such ground transportation has a sufficient aeronautical nexus to warrant including the activity within the definition of air commerce." Report at 11.

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*/ The Report assumes that the non-tenant service providers are "users" of the airport and as such are charged "user fees." In fact, the designation of such service providers as airport "users" is subject to question. They provide services to those using the airport and accordingly only use the airport in a derivative sense. Furthermore, the use of the term "user fee" is suspect. A user fee presumes a use of the facilities for which the charge is made. The term also implies that such a fee bears some relationship to the amount of use being made of the facilities. The fees at question in this matter are not in any manner related to the actual use of the facilities.

**/ For the record, it should be noted that the FAA Report incorrectly quotes the relevant statutory language. See Report at 9.

The FAA's conclusion on the applicability of Section 1513, simply put, is incorrect. The focus of Section 1513 is not on activities (be they in air commerce or not) but, to quote the statute, on "persons traveling in air commerce," thus, Section 1513 prohibits the imposition of fees directly or indirectly on persons traveling in air commerce or the carriage of persons traveling in air commerce or the gross receipts derived therefrom. By focusing on the activities of non-tenant service providers rather than on the persons for whom the activities are being performed, the FAA has managed to argue that it does not have jurisdiction.

However, the vast majority, if not all, of persons served by non-tenant automobile rental companies which would be subject to a gross receipts fee are persons who are either completing or starting an air journey. As such, they are in air commerce at the time they are provided transportation in courtesy vehicles by the non-tenant service providers. See, e.g., Charter Limousine v. Dade County Board of Commissioners, 678 F.2d 586 (5th Cir. 1982).

The Federal Aviation Act defines "air commerce" as including "interstate air commerce". Interstate air commerce is defined as "the carriage of persons . . . by aircraft . . . in commerce . . . whether such commerce moves wholly by aircraft or partly by aircraft and partly by other forms of transportation." 49 U.S.C. § 1301(23) (emphasis added).

Although the FAA dismisses the argument that the definition would include the air traveler utilizing the services of the non-tenant service provider either at the end or the start of an interstate air journey, the fact is that the statutory definition itself would include this activity.

Further, although the FAA claims that the interpretation of the definition of air commerce as including the journey to/from the off-airport location by the person traveling in interstate air commerce is not supported by basic rules of statutory construction, there is no explanation provided to support a contrary interpretation. The simple point is that the FAA appears unwilling to enforce the provision. */

Likewise, the FAA's reliance on Island Aviation v. Guam, 562 F. Supp. 951 (D. Guam 1982) as supporting their conclusion is misplaced. It should be noted at the outset that the FAA states that the case involved nontenant aircraft operators and is thus analogous to situation confronting nontenant service providers. This is not correct. As the opinion notes, Plaintiff in the suit was "a charter [airline] tenant of the Authority in the Air Terminal. . . ." 562 F. Supp. at 953 (emphasis added).

The FAA Report fails to explain that the real reason the charges at issue in Guam were not violative of Section 1513(a) was because they were specifically permitted by Section 1513(b). Section 1513(b) provides for specific exceptions to the general prohibitions contained in Section 1513(a) and, insofar as it applied in Guam, allows for the levy or collection of reasonable service charges "from aircraft operators for the use of airport facilities." In Guam, an aircraft operator was challenging a fee for the use of airport facilities.

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*/ The FAA claims that language in the definition of "interstate air commerce" indicating that the term includes travel which is "partially by aircraft and partially by other forms of transportation" does not include the use of courtesy vehicles by air travelers. The FAA claims that since the "focus" of the definition of "air commerce" is on the operation of aircraft, the argument made by the car rental companies is incorrect. The FAA, however, does not explain why such language is included in the definition. If the FAA's argument is correct, there would be no need for such language.

In obvious contrast to the plaintiff in Guam, a non-tenant rental car company providing courtesy transportation for air travelers is clearly not an aircraft operator. Accordingly, any fee or charge imposed for the use of airport access roads and passenger loading and unloading areas cannot be considered to be levied or collected from an aircraft operator for the use of airport facilities and would not be expressly permitted under 49 U.S.C. § 1513(b).

Further, contrary to the Report's claims, Guam supports the interpretation that gross receipts fees are prohibited by Section 1513. While the Guam court held a gross receipts fee could be charged an aircraft operator, it recognized that such a fee could not be charged across the board by stating that "the airport owner may not 'levy or collect a fee or other charge, directly or indirectly on persons traveling in air commerce (49 U.S.C. § 1513(a)). . . ." 562 F. Supp. at 959. An airport authority which imposes a fee for the use of airport access roads by non-tenant rental car companies providing courtesy transportation to interstate air travelers is doing nothing less than imposing a fee indirectly, through the rental car company, on the interstate air traveler.

It also should be noted that the service charges imposed in Guam served as compensation for the use of airport terminal and other facilities by the aircraft operator. The court noted that the charges are to cover the cost of operating and maintaining passenger arrival and departure facilities (including the cost of baggage conveyors, restrooms and baggage claim personnel) and are based on a per passenger basis. Unlike a gross receipts fee for use of airport access roads, which compensates an airport for use of areas which are open to the public free of charge and for which the airport is merely providing access, the per passenger service charge at issue in Guam is for tangible services and facilities and is related to the number of passengers who use the facility. Whether a non-tenant rental car company uses the airport access roads one time a day to pick up ten passengers or ten times a day to pick up one passenger per trip, the gross receipts fee remains the same although the amount of use of the airport roads is ten times as great in the latter instance.

Moreover, the Report does not even consider the Supreme Court Opinion in Aloha Airlines, Inc. v. Director of Taxation of Hawaii, ___ U.S. ___, 104 S.Ct. 291 (1983). In the unanimous decision, the U.S. Supreme Court holds that Section § 1513(a), prohibits Hawaii (and implicitly other states) from imposing a tax on gross income of airlines. The Court's interpretation of Section 1513(a) demonstrates that Section 1513 should prohibit gross receipts fees on non-tenant service providers.

In Aloha, two airlines challenged the Hawaii public service company tax of four percent of the gross income from the airline business. Hawaii stated that the tax was a means of taxing the personal property of the airlines and was in lieu of the excise tax which would otherwise be applicable. Both the Hawaii Tax Appeal Court and the State Supreme Court held that the tax was not barred by Section 1513(a) because that Section, in their opinion, barred only "head taxes."

The U.S. Supreme Court, however, reversed the lower courts and held that the Hawaii tax was prohibited by Section 1513(a). The Court, per Justice Marshall, stated that:

> when a federal statute unambiguously forbids the States to impose a particular kind of tax on an industry affecting interstate commerce, courts need not look beyond the plain language of the federal statute to determine whether a state statute that imposes such a tax is preempted.

____ U.S. at ____, 104 S.Ct. at 294. Since the plain language of Section 1513(a) prohibits gross receipts taxes, the Court found the lower courts had erred.

The Supreme Court's reliance on the plain language of Section 1513(a) reinforces the argument that a gross receipts fee imposed by airports is prohibited under the plain language of the statute. */

Further, the U.S. Supreme Court found that, regardless of Hawaii's labeling the tax a "property tax", such a label

> cannot mask the fact that the purpose and effect of the provision is to impose a levy upon the gross receipts of airlines . . . . Beyond question, a property tax that is measured by gross receipts constitutes at least an 'indirect' tax on the gross receipts of airlines.

____ U.S. at ____, 104 S.Ct. at 295. This reasoning supports the argument that a fee, measured by the gross receipts derived from airline passengers utilizing services provided by non-tenant service providers, is at the very least an indirect fee on the gross receipts derived from "persons traveling in air commerce" or on the "carriage of persons in air commerce."

The FAA Report's conclusion on Section 1513(a) is clearly erroneous. The simple truth is that Section 1513(a) prohibits the imposition of gross receipts fees on non-tenant service providers who provide services to persons traveling in air commerce. That the FAA does not want to enforce the prohibition is not surprising given their stated dislike for nonaeronautical issues. However, as the administrative department with jurisdiction over airports, the FAA has the duty to see that the law is enforced.

B. Section 2210(a)(1)

The FAA Report also counsels that provisions in grant agreements which provide that airports receiving Federal funds must be available for public use on fair and reasonable terms without unjust discrimination are inapplicable to non-tenant

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*/ Although the U.S. Supreme Court opinion discusses only the "taxes" prohibited by Section 1513(a), it cannot be ignored that the language of Section 1513(a) is broader and also prohibits "fee[s], . . . or other charge[s]."

service providers. See 49 U.S.C. § 2210(a)(1) */ The Report states that nontenant car rental agencies claim that they have such a close association with air travel and airports that they take on aeronautical characteristics and thus the FAA has the authority and responsibility to ensure that no discriminatory activities related to the conduct of their business are imposed by the airport operators.

This is a misstatement of the argument. The argument in fact is that the FAA has the responsibility and authority to insure that recipients of federal funds abide by the terms of their grant agreements and the statutory requirements for the receipt of such funds. One of the statutorily mandated terms is that the airport be available to the public on fair and reasonable terms without unjust discrimination. This prohibition applies not just to aeronautical matters but to all members of the public, including non-tenant rental car companies. The imposition of a gross receipts fee violates this provision because it is unfair, unreasonable and discriminatory.

A gross receipts fee lacks any relationship to the amount of use a non-tenant car rental company makes of the airport roads or passenger loading and unloading areas. For example, an air passenger might rent a car for one week for $100 while another air passenger might rent a car for two days for $20. If an airport imposes a 10 percent gross receipts fee, the end result is that the non-tenant company will pay the airport ten dollars for the one passenger and two dollars for the other, although the company's use of the airport roads and loading areas is the same for both passengers.

Further, the claim that 49 U.S.C. § 2210(a)(1) applies only to aeronautical uses clearly misinterprets the law and lacks

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*/ The FAA also notes that the prohibition against the granting of exclusive rights would not apply to nontenant service providers. By its terms, the prohibition is limited to "air navigation facilities" and no one has argued otherwise.

support in the explicit language of the statute, its legislative history and in case law.

Section 2210(a)(1) provides that an airport receiving federal funds must "be available for public use on fair and reasonable terms and without unjust discrimination . . . ." The explicit language in the statute does not refer to or restrict its applicability to aeronautical areas. The broad language evidences Congressional intent to cover more than the limited area of aeronautical uses, and "[a]bsent a 'clearly expressed legislative intention to the contrary, [the statutory] language must ordinarily be regarded as conclusive.'" Albernaz v. United States, 450 U.S. 333, 336 (1981) quoting Consumer Products Safety Commission v. GTE Sylvania, Inc., 447 U.S. 102, 108 (1980).

No clearly expressed legislative intent to limit Section 2210(a)(1) to aeronautical uses can be found in the statute or its legislative history. If Congress wanted to so limit the applicability of Section 2210(a)(1), it could and would have done so as it did in other provisions in the statutes dealing with airports. For example, as the Report is quick to note, in Section 308(a) of the Federal Aviation Act of 1958, as amended, 49 U.S.C. § 1349, Congress has limited the statute's applicability to "air navigation facilities" and "landing areas." No equivalent words of limitation appear in Section 2210(a)(1).

In addition, it must be noted that one of the major policies behind the Airport and Airway Development Act of 1970, as amended, is to meet the demands of interstate commerce. See 49 U.S.C. § 1701. One such demand is to provide for the needs of air travelers desiring to utilize the federally-funded airport system. The right of the traveling public to airport access has been recognized by both state and federal judiciaries. See Park 'n Fly of Texas, Inc. v. City of Houston, 327 F. Supp. 910, 926 (S.D. Texas 1971); Raleigh-Durham Airport Authority v. Stewart, 176 S.E.2d 912 (N.C. App. 1970), _aff'd_ 179 S.E.2d 424 (N.C. 1971). Section 2210(a)(1) implicitly recognizes this by requiring that an airport be operated as a "public airport." Section 2210(a)(1) was enacted to cover the needs of the traveling public utilizing those airports, as well as the aeronautical needs of the airports.

The FAA may not want to deal with nonaeronautical issues at the airports it funds, but Congress has painted with a broader brush and has not so limited the FAA's authority. _*/_

_*/_ The FAA notes that no private cause of action exists to enforce the terms of the grant agreement between the FAA and the airport operator. While this issue is not settled, assuming for the sake of argument that it is correct, it merely points to the need for the FAA to enforce the statutes which Congress has given it power to enforce.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

WEDNESDAY, MAY 1, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:06 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Mark Andrews (chairman) presiding.

Present: Senators Andrews and Lautenberg.

NONDEPARTMENTAL WITNESSES

SUBCOMMITTEE PROCEDURE

Senator ANDREWS. The subcommittee will come to order.

As in years past, the subcommittee has requests from about 60 persons and organizations to be heard on a wide range of transportation issues. In view of this, I would like to remind witnesses of our procedure by which the red light goes on after 5 minutes. The fact that it is on now does not show any prejudice or bias toward the chairman. It is just an accident of the electronic system. We have to resort to this procedure to make sure everyone has a chance to be heard. Of course, the full text of the witnesses' statements are made a part of the official record, as will be other materials submitted to the subcommittee. I recommend, therefore, that witnesses summarize their testimony, thus allowing some time for subcommittee questions. We feel it is more valuable, of course, to have an exchange with the witness, and it adds to the completeness of our hearing record.

With that advice, we are pleased to welcome our colleague and friend, the distinguished Senator from the State of Georgia, Senator Mattingly. Welcome to the subcommittee, Senator.

CONGRESSIONAL WITNESS

STATEMENT OF HON. MACK MATTINGLY, U.S. SENATOR FROM GEORGIA

Senator MATTINGLY. Thank you, Mr. Chairman.

Mr. Chairman, I appreciate the opportunity to testify before your Transportation Subcommittee. I will try to hold my remarks within the

5-minute timeframe, but I would like to submit for the record a report entitled "Airport to Doraville by 1988, Update as of April 9, 1985."

Senator ANDREWS. It will be made a part of the record following your remarks.

Senator MATTINGLY. Thank you, Mr. Chairman.

About this time last year, I also appeared before your subcommittee on behalf of what I feel is the best comprehensive bus-rail mass transit system in the country, the Metropolitan Atlanta Rapid Transit Authority [MARTA]. Because MARTA has demonstrated such an outstanding track record since its inception, you and other members of the subcommittee were generous in your fiscal year 1985 appropriations for MARTA. And for that, I, the people of Atlanta and Georgia, and the people of the Southeast thank you. With your continued effort, MARTA can complete its north-south line by 1988, and indeed this would be a tremendous achievement.

Mr. Chairman, MARTA continues to be a success story. Construction on MARTA is moving ahead pretty much on schedule. Last year, MARTA announced plans to open an additional 9 miles of rapid transit lines and five new stations. On December 15, these new lines and stations were opened on schedule, and $150 million under budget. Those results are tremendous, to say the least. Rail ridership is up from 135,000 a day last year to 170,000 per day, and MARTA has projected between 180,000 to 200,000 riders per day will use the 25-mile system now in service.

This is quite an accomplishment and a testimony to MARTA's cost effectiveness. The extensions are attracting riders who have a choice of transportation modes. There are 6,000 parking spaces that have been added at the five new stations, and already 80 percent of those spaces are occupied, with some of the lots operating over capacity. This is especially important, since one of the primary goals of MARTA is to get automobiles off congested streets and highways. Construction on the remaining 10 miles of the north-south line is steadily moving ahead. Plans include opening another station in 1986, one in 1987, two in 1988, and the final station on the north-south line expected to open in 1989.

The north-south line is the most productive segment of the entire MARTA system. It will link the world's largest and second busiest airport, the central business district, and the northeast quadrant of the region which, in terms of jobs, is the fastest growing section in that region. I think MARTA's continued progress is essential to support the continued extraordinary growth taking place in this region.

Now, MARTA has developed an energetic plan that is really a model for Federal and local partnership. It is the kind of plan that we, you and I and the Congress, like to see. It is investing about one-half of a billion dollars of local money in order to construct a rapid rail system in the most cost-effective timeframe, and to avoid the rapid escalation of construction costs.

MARTA can do this because in 1971 the people in the Atlanta area voted to levy a 1-percent sales tax to build and operate a rapid rail system and provide comprehensive mass transit service to metropolitan Atlanta.

Mr. Chairman, MARTA is currently requesting $184 million over the next 2 years. This amount includes $114 million in fiscal year 1986, and, if this amount is granted, the Federal share of the 19-mile extension announced 3 years ago will be 42 percent, and the local share will be 58 percent.

There is no doubt that there is a very strong commitment by the Atlanta area to see completion and operation of its mass transit system. MARTA's success also stretches into a special area—minority business participation. Of the contracts awarded by MARTA so far, minority businesses have received more than 20 percent; female businesses more than 5 percent.

I think MARTA rightfully deserves the many awards it has received from minority, business and trade associations, and contractor groups for its efforts.

Mr. Chairman, I would never come before you to testify on behalf of a project that was not efficient or cost effective, but, in the case of MARTA, I have no reservations at all. The system is the prototype of Federal, local, and private partnership. MARTA has reaffirmed its commitment to continue carrying more than its share of the load, and, if the system can receive the requested funding, then its plans can be completed.

I urge your careful consideration and support of this request.

Mr. Chairman, once again I thank you for allowing me to testify before your committee.

Senator ANDREWS. Senator, thank you very much for an excellent statement on behalf of Atlanta's system. One question: Has Atlanta been able to obligate in a timely fashion all of the funds that we have provided to date?

Senator MATTINGLY. Mr. Chairman, not only has MARTA obligated the funds they have received, they have been spending local funding so quickly that they risk losing their eligibility for some local contracts. In fact, the last two earmarkings Congress has provided MARTA have been used to reimburse them for advanced local funding.

Senator ANDREWS. So they are up to date with the funds we've already afforded them?

Senator MATTINGLY. Yes, they are.

Senator ANDREWS. Thank you very much, Senator. It is good to have you here.

Senator MATTINGLY. Thank you.

[The statement follows:]

STATEMENT OF SENATOR MATTINGLY

I APPRECIATE THE OPPORTUNITY TO TESTIFY BEFORE THE TRANSPORTATION SUBCOMMITTEE. I WILL HOLD MY REMARKS WITHIN THE FIVE (5) MINUTE TIME FRAME BUT WOULD LIKE TO SUBMIT FOR THE RECORD THIS REPORT "AIRPORT TO DORAVILLE BY 1988, UPDATE AS OF APRIL 9, 1985."

MR. CHAIRMAN, ABOUT THIS TIME LAST YEAR I ALSO APPEARED BEFORE YOUR SUBCOMMITTEE TO TESTIFY ON BEHALF OF THE BEST COMPREHENSIVE BUS/RAIL MASS TRANSIT SYSTEM IN THE COUNTRY--THE METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY--MARTA. BECAUSE MARTA HAS DEMONSTRATED SUCH AN OUTSTANDING TRACK RECORD SINCE ITS INCEPTION, YOU AND THE OTHER MEMBERS OF THE SUBCOMMITTEE WERE GENEROUS IN YOUR FISCAL YEAR 1985 APPROPRIATIONS FOR MARTA. AND FOR THAT, I, THE PEOPLE OF ATLANTA, THE PEOPLE OF GEORGIA, AND THE PEOPLE OF THE SOUTHEAST THANK YOU. WITH YOUR CONTINUED EFFORT, MARTA CAN COMPLETE ITS NORTH/SOUTH LINE BY 1988. THIS WOULD BE A TREMENDOUS ACHIEVEMENT.

YES, MR. CHAIRMAN, MARTA CONTINUES TO BE A SUCCESS STORY. CONSTRUCTION ON MARTA IS MOVING AHEAD PRETTY MUCH ON SCHEDULE. LAST YEAR, MARTA ANNOUNCED PLANS TO OPEN AN ADDITIONAL 9 MILES OF RAPID TRANSIT LINES AND 5 NEW STATIONS. LAST DECEMBER 15TH, THESE NEW LINES AND STATIONS WERE OPENED ON SCHEDULE AND $ 150 MILLION UNDER BUDGET. THE RESULTS ARE TREMENDOUS. RAIL

RIDERSHIP IS UP FROM 135,000 A DAY LAST YEAR TO 170,000 PER DAY. MARTA HAS PROJECTED BETWEEN 180,000 AND 200,000 RIDERS PER DAY WILL USE THE 25 MILE SYSTEM NOW IN SERVICE. THIS IS QUITE AN ACCOMPLISHMENT AND A TESTIMONY TO MARTA'S COST-EFFECTIVENESS.

THE EXTENSIONS ARE ATTRACTING RIDERS WHO HAVE A CHOICE OF TRANSPORTATION MODES. SIX-THOUSAND (6,000) PARKING SPACES HAVE BEEN ADDED AT THE FIVE (5) NEW STATIONS. ALREADY, 80 % OF THOSE SPACES ARE OCCUPIED, WITH SOME OF THE LOTS OPERATING OVER CAPACITY. THIS IS ESPECIALLY IMPORTANT SINCE ONE OF THE PRIMARY GOALS OF MARTA IS TO GET AUTOMOBILES OFF CONGESTED STREETS AND HIGHWAYS.

CONSTRUCTION ON THE REMAINING TEN (10) MILES OF THE NORTH/SOUTH LINE IS STEADILY MOVING AHEAD. PLANS INCLUDE OPENING ANOTHER STATION IN 1986, ONE IN 1987, TWO IN 1988, AND THE FINAL STATION ON THE NORTH/SOUTH LINE EXPECTED TO OPEN IN 1989.

THE NORTH/SOUTH LINE IS THE MOST PRODUCTIVE SEGMENT OF THE ENTIRE MARTA SYSTEM. IT WILL LINK THE WORLD'S LARGEST AND SECOND BUSIEST AIRPORT, THE CENTRAL BUSINESS DISTRICT, AND THE NORTHEAST QUADRANT OF THE REGION WHICH IN TERMS OF JOBS IS THE FASTEST GROWING SECTION IN THE REGION. MARTA'S CONTINUED PROGRESS IS ESSENTIAL TO SUPPORT THE CONTINUED EXTRAORDINARY GROWTH TAKING PLACE IN THIS REGION.

MARTA HAS DEVELOPED AN ENERGETIC PLAN THAT IS A MODEL OF FEDERAL/LOCAL PARTNERSHIP. IT IS THE KIND OF PLAN WE IN CONGRESS LIKE TO SEE. MARTA IS INVESTING ABOUT A HALF A BILLION DOLLARS OF LOCAL MONEY IN ORDER TO CONSTRUCT A RAPID RAIL SYSTEM IN THE MOST COST-EFFECTIVE TIME FRAME AND TO AVOID THE RAPID ESCALATION OF CONSTRUCTION COSTS. MARTA CAN DO THIS BECAUSE IN 1971 THE PEOPLE IN THE ATLANTA AREA VOTED TO LEVY A 1 % SALES TAX TO BUILD AND TO OPERATE A RAPID RAIL SYSTEM AND TO PROVIDE COMPREHENSIVE MASS TRANSIT SERVICE TO METROPOLITAN ATLANTA.

MR. CHAIRMAN, MARTA IS CURRENTLY REQUESTING $ 184 MILLION OVER THE NEXT TWO (2) YEARS. THIS AMOUNT INCLUDES $ 114 MILLION IN FISCAL YEAR 1986. IF THIS AMOUNT IS GRANTED, THE FEDERAL SHARE OF THE 19 MILE EXTENSION ANNOUNCED THREE (3) YEARS AGO WILL BE 42 % AND THE LOCAL SHARE WILL BE 58 %. THERE IS NO DOUBT THAT THERE IS A VERY STRONG COMMITTMENT BY THE ATLANTA AREA TO SEE COMPLETION AND OPERATION OF ITS MASS TRANSIT SYSTEM.

MARTA'S SUCCESS ALSO STRETCHES INTO A SPECIAL AREA--MINORITY BUSINESS PARTICIPATION. OF THE CONTRACTS MARTA HAS AWARDED SO FAR, MINORITY BUSINESSES HAVE RECEIVED MORE THAN 20 %--FEMALE BUSINESSES MORE THAN 5 %. MARTA RIGHTLY DESERVES THE MANY AWARDS IT HAS RECEIVED FROM MINORITY BUSINESS TRADE ASSOCIATIONS AND CONTRACTOR GROUPS FOR ITS EFFORTS.

MR. CHAIRMAN, I WOULD NEVER TESTIFY ON BEHALF OF A PROJECT

THAT WAS NOT EFFICIENT OR COST-EFFECTIVE. BUT IN THE CASE OF MARTA I HAVE NO RESERVATIONS AT ALL. THE SYSTEM IS THE PROTOTYPE OF FEDERAL/LOCAL/PRIVATE PARTNERSHIP. MARTA HAS REAFFIRMED ITS COMMITTMENT TO CONTINUE CARRYING MORE THAN ITS SHARE OF THE LOAD. IF THE SYSTEM CAN RECEIVE THE REQUESTED FUNDING, THEN ITS PLANS CAN BE COMPLETED. I URGE YOUR CAREFUL CONSIDERATION AND SUPPORT OF THIS REQUEST.

THANK YOU FOR YOUR TIME AND ATTENTION.

STATEMENT OF METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY

SUMMARY

GOAL

MARTA's near term goal is to complete the North-South Line from Doraville to the Hartsfield Atlanta International Airport in the 1988-89 timeframe (Attachment 1), thus placing in service over 23 miles of high-speed rail transit and 18 stations in one of the most heavily travelled corridors in Metropolitan Atlanta. Completion of the North-South Line will link three of the major employment centers in this region - the North-Northeast Section with 157,000 jobs; the Central Business District with 95,000 jobs, and the Airport area with more than 35,000 jobs. Rail ridership will increase from the current 170,000 per day to an estimated 230-250,000 per day.

FUNDING REQUIREMENT

To complete the North-South Line in the 1988-89 timeframe, an additional $671 million will be required. Of this amount MARTA can raise $374 million from local sources. $113 million in federal funds have either already been appropriated or are planned: $95 million in FY85 Section 3 funds; $7.4 million of FY85 Section 9 money; and $10.6 million of future Section 9 funds. An additional federal commitment of $184 million in Section 3 funds is required to meet the goal (Attachment 2). The commitment is requested now, to be paid over the next two years.

I. BACKGROUND

A. System Development

- The 53-mile MARTA Rail System is divided into five (5) phases. Phases A, B1 and B2, consisting of 23 miles of track and 24 stations, are in service (see Attachment 3). The Urban Mass Transportation Administration (UMTA) has contributed $1.2 billion or approximately 71% towards the cost of building these segments.
- Phase C, which runs from Lenox to Doraville on the North and Fort McPherson to the Airport on the South, consists of 12 miles of track and 6 stations.
  - The Brookhaven segment, built entirely with local funds is already in service.
  - Stage I of the Airport Station was built in September 1980 as part of the new terminal at Hartsfield Atlanta International Airport. This construction was done under a Letter of No Prejudice in the amount of $7.67 million in federal funds.
  - Construction on the East Point segment is under way and is scheduled to be completed in the Summer of 1986.
  - Construction on the Chamblee segment is under way and is scheduled to be completed in late 1987.
  - Construction on the College Park segment is just beginning and is scheduled to be completed by 1988.

  - * Detail design and right-of-way activities are under way on all of the other segments of Phase C except Doraville. To date, no federal funds for Phase C construction have been granted.
- Phases D and E comprise 18 miles and 10 stations, and will be constructed after Phase C.

B. Cost-Effectiveness

- Phases B and C constitute the most cost-effective segments of the MARTA Rail System. This assessment is based on results of a comparative analysis of system extensions beyond Phase A. The analysis considered factors such as patronage, capital and operating costs, cost per new rider, overall travel utility, and other factors such as development impact and service to transit-dependent populations and employment locations.

1. Ridership

   - Daily ridership on the existing rail system is approximately 170,000. When the Doraville to Airport segment is completed, rail ridership will reach 230-250,000 daily passsengers.
   - MARTA's rail ridership compares favorably with other rapid transit systems, considering the size of the system. On a per station basis, MARTA's ridership exceeds all U.S. systems except New York.

2. Operating Cost

   - Even prior to the December 1984 openings, MARTA had already reached the point where it is significantly cheaper to transport a passenger by rail than by bus - 55¢ vs. 86¢. As the North-South Line is extended, productivity increases will be even more pronounced.

3. Travel Time

   - With the completion of Phase B in December 1984, significant additional travel time benefits now accrue to MARTA customers, many of whom will be new to transit. The travel time from Lakewood to Five Points is eight minutes, compared to twenty minutes or more by bus. A trip from Oakland City to Lenox Square takes 19 minutes; the comparable bus trip takes at least 55 minutes, plus waiting time for a downtown transfer. Overall travel time savings will average 10-15 minutes. Travel time by auto is not much faster than by bus, so many persons are shifting their trip-making to transit. Eighty per cent (80%) of the 6,000 new parking spaces added last December are already occupied.

4. Phase C Extensions

   - The extension to the Airport will be the most cost-effective segment of the system. It is anchored on the south by the Hartsfield Atlanta International Airport, the largest and second busiest airport in the world. The airport currently serves 40 million passengers per year. This figure is projected to increase to approximately 110 million by the year 2000.
   - The Airport Station will provide the best downtown-to-airport connection of any American city. In addition to serving air passengers, the Airport Station will link central city residential areas to the 35,000 jobs at the Airport.
   - On the north, Phase C is anchored by the Doraville Station which is located in one of the fastest growing sectors in the Atlanta area. The North-Northeast Sector, which includes Doraville,

experienced a net employment growth of 80,000 workers between 1970 and 1980. This represented approximately 30% of the region's employment growth. The adjacent sector (East-Northeast), which the North Line will also serve, accounted for about 21% of the employment growth during this period.

- It is critical that efficient transit service be available to shape the rapid growth which is occurring in the Phase C corridors.

C. Alternatives Analysis/Environmental Impact Statement

- MARTA complied with all federal requirements for alternatives analysis during the planning of the approved 53-mile Referendum System. Extensive transit alternative analysis studies were conducted from 1967 to 1971. Alternative transit systems evaluated included the following:

1. Basic all-rail system - an extensive heavy rail system with an assumed complementary bus system.
2. Original rail system - an extensive heavy rail system with significantly different alignment and service characteristics.
3. Extended all-bus system - a system of exclusive busways with coordinated surface bus operations.
4. All-busway system - a system of exclusive busways with coordinated surface bus operations.
5. Busway-rail system - a system of north/south rail service with feeder busways.
6. Busways-distributor system - a system of extensive busways with a downtown rail distributor.
7. Modified busway/rail system - a system combining features from 5 and 6 above.
8. Commuter railroad system - a system using the extensive rail network in place in Atlanta.
9. No-build system.

- Based on results from these studies, MARTA prepared its final transit plan which was approved by the voters in 1971.

- The analysis of alternatives was fully documented in the report - "Summary Response to UMTA Guidelines for Capital Grant Project Selection" dated September 6, 1972. More significantly, the adopted plan was addressed in greater detail in the approved Environmental Impact Statement (EIS) prepared by UMTA in 1973. In 1975, the adequacy of the EIS's alternatives analysis was confirmed in the United States District Court for the Northern District of Georgia (Inman Park Restoration, Inc., et al versus The Urban Mass Transportation Administration, et al, Civil Action Nos. C75-717A, C 75-928F and C 75-1306A, in the United States District Court for the Northern District of Georgia, Atlanta Division, November 7, 1975).
- In addition, UMTA has reviewed the MARTA Phase B and C extensions in light of its current criteria and has concluded that funding for this phase can be supported.

D. Local Financial Commitment

- In 1971 when the voters approved the 1% MARTA tax, a comprehensive public transportation improvement program was also approved, including short-range improvements for the bus system, as well as the construction of 53 miles of rapid rail lines and 40 stations and 8 miles of exclusive busways. Approximately 50% of the sales tax revenue is used for MARTA's capital programs, while the other 50%, along with operating revenues, is used to provide a stable and dependable funding source for MARTA's operations.
- Since 1972, MARTA has utilized its local sales tax to provide much of the funding for construction of the rail system.

- MARTA's share of the cost of the Phase B2 and Phase C extensions is 58%.
- MARTA will continue to provide a greater share of local funding than required by law up to its maximum feasible debt limit.

E. Governmental and Community Support

- Local
  - * MARTA enjoys the support of local governmental and civic leaders, business leaders, the media and the general public.
  - * An indication of the intensity of this support was exhibited during President Reagan's visit to Atlanta in 1984 at which time the President of the Atlanta Chamber of Commerce singled out the completion of the MARTA System as the most critical local need.
- State
  - * The Georgia General Assembly continues to pass legislation to assist MARTA in cost-control measures and in financing the rail construction program. The Georgia Legislature in 1979 extended the MARTA sales tax at a full 1% from 1982 to 1997. Again in 1983 the Georgia General Assembly extended the sales tax to 2012.
  - * The State Department of Transportation and MARTA cooperate and share expenses when highway and transit projects interface in the same corridor.
- Congressional Support
  - * There continues to be strong bi-partisan support for the MARTA project in the Georgia Congressional Delegation.
- U.S. DOT/UMTA
  - * MARTA was UMTA's first "new start" and full funding rail project.

- UMTA has committed itself to ensuring that MARTA's construction proceed as promptly as possible.
- In January 1983 former Secretary Lewis reaffirmed DOT and UMTA's commitment to the continued funding of the rail development program.
- Secretary Dole has reaffirmed DOT's commitment to MARTA on numerous occasions, the most recent during President Reagan and Secretary Dole's visit to Atlanta in January 1984.

F. Private Sector Support

- Private sector support for MARTA's transit program has focused primarily on three areas - (1) public/private joint financing of feasibility studies aimed at producing action plans for revitalizing and strengthening areas surrounding transit stations, (2) coordination and cost-sharing of joint development projects such as the construction of the 1.9 million square foot Southern Bell Telephone Company headquarters building in the North Avenue Station air rights (the station and the office building, along with an adjacent retail mall, were built simultaneously on a site that was acquired jointly), and (3) leasing of station area property rights to generate income for transit. Regarding the third category, MARTA has executed two major long-term lease transactions at the Arts Center and Lenox Stations in which MARTA will receive $50,000 annually for the first three years and a minimum of approximately $500,000 annually thereafter for each transaction.

G. Participation of Disadvantaged and Minority Businesses

- Minority firms and female firms have received almost $200 million in total contracts from MARTA. This amounts to 20% minority and 5% female participation.

H. MARTA's Track Record

- MARTA works! It has an excellent track record in achieving goals and objectives which have been established by the U.S. Department of Transportation and the Urban Mass Transportation Administration.
- Increase transit's share of total trips in order to satisfy mobility needs and reduce fuel consumption and air pollution:
  - 20,000 daily trips have been diverted from auto to rail in the East-West Corridor alone.
  - East-West Corridor auto volumes have decreased as much as 10% and auto speeds have increased on I-20 East and West.
- Provide accessible transit service for the "transit-dependent":
  - 63% of the trips on MARTA are made by passengers who do not have an automobile available.
  - MARTA service is available to all major employment centers, health, recreation and educational facilities, and efforts are under way to improve that service.
  - MARTA provides extensive service for "reverse-commuters" - the North Line carries heavier volumes away from downtown in the morning rush hour than towards downtown.
- Contribute to urban revitalization and stimulate employment:
  - Since 1975, one of the largest shares of metro area office growth has occurred in downtown Atlanta which is well served by rail transit.
  - Property values along rail lines have increased faster than the average for the region.
  - A number of major development projects have been

recently built in conjunction with the MARTA System, and plans are under way for several other projects:

-Georgia-Pacific chose the Peachtree Center Station as the site of their headquarters when they moved to Atlanta.

-Southern Bell built its new headquarters as a joint development project at the North Avenue Station.

-The State of Georgia built two new office buildings on top of the Georgia State Station.

-Three new office buildings have been built near the suburban Decatur Station.

-Four major projects are planned for the new Lenox Station.

* MARTA employs almost 2,700 people full time and MARTA contractors employ another 350-400 workers every week in the rail construction program. Thousands of other workers are employed supplying materials and services for the rail construction program on which MARTA will spend $300 million this year.
* The multiplier effect of the rail construction dollar is 3.5 times the direct investment which means that the $1.7 billion spent for rail development programs has contributed almost $6 billion to the region's economy.

II. FUNDING REQUIRED TO MEET GOAL

- $671 million is needed to complete the Airport to Doraville segment by 1988-89.
- MARTA currently expects to receive approximately $113 million of this amount in Fiscal Year 1985 Section 3 funds already appropriated; from FY85 formula funds; and from future formula funds.

- An additional $184 million in Section 3 funds are needed to achieve the goal of Airport to Doraville by 1988-89: $114 million in FY86; $70 million in FY87.
- MARTA urgently requests that a commitment to grant these funds be made as soon as possible. MARTA must continue to enter into contract obligations in order to maintain the schedule. Thus, the number of projects eligible for federal reimbursement is decreasing. If federal funds cannot be provided, then MARTA will have to resort to borrowing much more money than had been anticipated for these projects, sharply increasing the local share.
- If $184 million are granted, the federal share of the 19-mile extension announced three years ago will be 42% and the local share 58%.

Attachment 1

REVENUE SERVICE DATES

STATION	GOAL
East Point	Summer 1986
Chamblee	Late 1987
College Park	Mid 1988
Airport	Mid 1988
Doraville	Late 1989

Attachment 2

AIRPORT TO DORAVILLE BY 1988

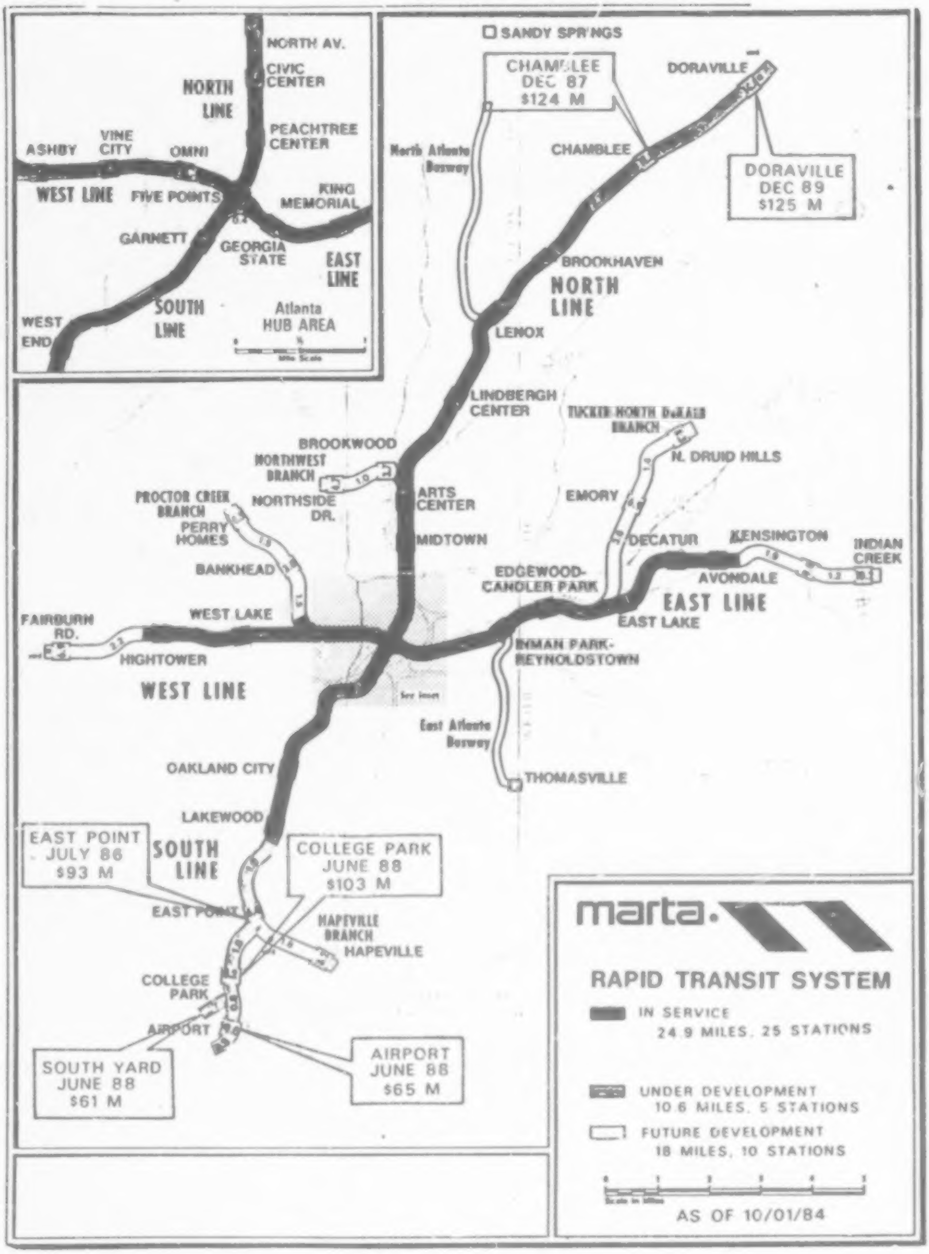
FUND ANALYSIS

$ 671 Million	Cost to Complete
-374 Million	Local Funding
$ 297 Million	Required Federal Funding
113 Million	Anticipated Funds Through FY85
$ 184 Million	Additional Federal Funds Required

-$114 Million in FY86

-$ 70 Million in FY87

Attachment 3


NORTH AV.
CIVIC CENTER
NORTH LINE
PEACHTREE CENTER
ASHBY
VINE CITY
OMNI
KING MEMORIAL
WEST LINE
FIVE POINTS
GARNETT
GEORGIA STATE
EAST LINE
SOUTH LINE
WEST END
Atlanta HUB AREA
Mile Scale
SANDY SPRINGS
CHAMBLEE DEC 87 $124 M
DORAVILLE
North Atlanta Busway
CHAMBLEE
DORAVILLE DEC 89 $125 M
BROOKHAVEN
NORTH LINE
LENOX
LINDBERGH CENTER
TUCKER-NORTH DeKALB BRANCH
BROOKWOOD
NORTHWEST BRANCH
N. DRUID HILLS
PROCTOR CREEK BRANCH
NORTHSIDE DR.
ARTS CENTER
EMORY
PERRY HOMES
MIDTOWN
DECATUR
KENSINGTON
INDIAN CREEK
BANKHEAD
EDGEWOOD-CANDLER PARK
AVONDALE
EAST LINE
FAIRBURN RD.
WEST LAKE
EAST LAKE
INMAN PARK-REYNOLDSTOWN
HIGHTOWER
WEST LINE
See Inset
East Atlanta Busway
OAKLAND CITY
THOMASVILLE
LAKEWOOD
EAST POINT JULY 86 $93 M
SOUTH LINE
COLLEGE PARK JUNE 88 $103 M
EAST POINT
HAPEVILLE BRANCH
HAPEVILLE
COLLEGE PARK
AIRPORT
SOUTH YARD JUNE 88 $61 M
AIRPORT JUNE 88 $65 M
marta
RAPID TRANSIT SYSTEM
IN SERVICE 24.9 MILES, 25 STATIONS
UNDER DEVELOPMENT 10.6 MILES, 5 STATIONS
FUTURE DEVELOPMENT 18 MILES, 10 STATIONS
Scale in Miles
AS OF 10/01/84

ST. LOUIS LIGHT RAIL PROJECT

STATEMENT OF R. HAL DEAN, EXECUTIVE DIRECTOR

Senator ANDREWS. Our next witness will be Mr. Hal Dean, executive director representing the St. Louis Light Rail Project.

Hal, welcome to the subcommittee. It is good to have you here.

Mr. DEAN. Thank you, Mr. Chairman.

I am a rather strange critter coming before this group, nonpolitical oriented or any vested interest economically in the Light Rail Project of St. Louis. My wage-earning career was with the Ralston Purina Co. for 43 years. The last 14 years I was chief executive officer.

Senator ANDREWS. That is fitting, because you sell livestock feed, and I have got 600 head of those four-legged losers out on the farm. Maybe we can go off and talk about how the beef market is coming up to meet the feed market. [Laughter.]

That is, in our other lives.

Mr. DEAN. Thank you.

We in St. Louis feel the private sector involvement in the Light Rail Transit System is terribly important, and we submit, along with our record, a private sector committee evaluation that I would like you to at least observe.

Senator ANDREWS. Would you suspend for a minute?

Let us have some order in the hearing room, or we will have to ask those who want to converse to go out in the hall.

You may continue.

Mr. DEAN. Thank you.

We appreciate the support that the project has been given to date. We are now in the preliminary engineering stage. We anticipate concluding final engineering design with the $10 million which you have allotted us at this time. We hope that you will recommend the $20 million request in fiscal year 1986 funding that is required to keep this project on schedule.

We are providing also testimony from Senators Eagleton, Danforth, Simon, and Dixon which spells out in detail many of the benefits of this light rail plan.

Now, let me summarize, if I may, some of the things that we in the private sector feel this program makes value out of the money that we are requesting. We have in place an existing infrastructure: First, a massive brick and stone double-track railroad bridge across the Mississippi River; an in-place rail subway through the heart of downtown; existing railroad rights-of-way and trackage; existing repair facility; and another tunnel already in place under the Washington University Medical Center.

I think that this is a key point. This existing infrastructure results in a 1987 construction cost per mile of only $12 to $13 million, which we believe would be the lowest of any new rail transit line under consideration in the country.

Second, the light rail plan unto itself is not a panacea. It is planned for full integration with and enhancement of the region's existing bus service, providing systemwide, as well as corridor-specific, travel benefits and operating savings. In short, an improved, effective total regional public transportation system.

Third—and I think this is important—it features a realistic financial plan for transit operations with primary subsidy allowance on a local sales tax that has been in place since 1973.

I would like to have you review our Senators' testimony. We understand Federal budget deficits. We understand pork barreling. We understand whose ox is being gored at what point in time. I can only say that cost-benefitwise that economic growth enhancement of the Missouri-Illinois region of St. Louis is going to be furthered, in our opinion, greatly by this grant for light rail public transit.

Thank you, Mr. Chairman.

Senator ANDREWS. Thank you very much, Mr. Dean, for an excellent statement. Your Senators' statements will be made a part of the record immediately following yours.

Let me ask, what work would be undertaken if your request for the $20 million in fiscal year 1986 funds were granted?

Mr. DEAN. We would start our first actual construction with that money. At the present time we will go through with the money funded, total engineering.

Senator ANDREWS. And you will actually be able to start construction then with the $20 million that is now coming.

Mr. DEAN. The fiscal year 1986 request, yes, sir.

Senator ANDREWS. Thank you very much. I appreciate your appearance.

[The statements follow:]

STATEMENT OF R. HAL DEAN

Mr. Chairman, Members of the Committee, thank you for allowing me to appear before you this morning. My name is Hal Dean, and I serve as Executive Director of the St. Louis Area Light Rail Project. My involvement with the project began over two years ago, on a strictly volunteer basis, with the distinct purpose of bringing a private sector, third party perspective and oversight to the project planning. We in St. Louis are convinced that this high level of private sector involvement, including detailed analysis of the capital financing and operations funding scenarios for the system conducted by a committee composed of myself and other business and civic leaders in the St. Louis community, has resulted in a truly realistic, cost-effective project worthy of your continued support. As a part of my written submission, I have attached a copy of the private sector committee evaluation.

We thank you for the support you have given the project to date, which is now in the preliminary engineering stage. We anticipate concluding final engineering and design with the $10 million in funding designated for us by you last year, and we hope that you will recommend the $20 million in FY '86 funding that is required to keep the project on schedule.

I know that your time is extremely limited, so I will simply provide you with copies of testimony from Senators Eagleton, Danforth, Simon and Dixon, which spells out in detail the many benefits of the St. Louis Light Rail plan. If I may, I'd like only to highlight for just a moment two or three of the project's features that I find uniquely appealing.

1. The project maximizes the use of existing infrastructure by employing a massive brick and stone arch double-track railroad bridge across the Mississippi River, an in-place rail subway through the heart of downtown, existing railroad rights-of-way and trackage, an existing repair facility, and another tunnel already in place under the Washington University Medical Center complex. This results in a 1987 construction cost per mile of only $12-$13 million, lowest of any new rail transit line under consideration in the country.

2. The light rail line is planned for full integration with and enhancement of the region's existing bus service, thus providing system-wide, as well as corridor-specific, travel benefits and operating savings -- in short, an improved, effective total regional public transportation system.

3. It features a realistic financial plan for transit operations, with primary subsidy reliance on a local sales tax that has been in place since 1973.

Please take the opportunity, if possible, to review our senators' testimony, so that you will see how these and many other important features make St. Louis' light rail perhaps the best and most worthy candidate for federal support of any new start currently before you nationwide. The detailed statements also demonstrate that our project does indeed meet UMTA's proposed "new start" criteria.

I hope you will agree with us that the St. Louis project is clearly deserving of funding support in FY 1986. I appreciate the opportunity to present it to you this morning and will be happy to answer any questions you may have.

STATEMENT OF SENATORS EAGLETON, DANFORTH, SIMON, AND DIXON

Mr. Chairman, Members of the Committee, thank you very much for providing us the opportunity to appear before you this morning. I know that your time is very limited, and with that in mind, let me move immediately to a project involving a major transit investment for our BiState region, St. Louis Light Rail. Presently, in the preliminary engineering stage, the project has many unique features which we feel warrant continued federal funding of $20 million in FY86 we are seeking here today.

These unique features include:

1. Strong local and regional support. The St. Louis project is supported by all segments of the community, including government, business, labor, neighborhood associations, and numerous private agencies. I am also submitting for the record a letter of support for the project signed by members of Congress from Illinois and Missouri.

2. Maximum use of existing infrastructure, as called for in the 1982 STAA and the 1984 DOT Appropriations Bill. In St. Louis, we intend to use the historic Eads Bridge, an existing tunnel through the central business district, existing rail lines, and an existing repair facility. A March 5 New York Times article quotes UMTA Administrator Ralph Stanley, stating, "There's no political applause for replacing track and rebuilding tunnels. . . That's where investment has to be made. . . You've got to reinvest in existing infrastructure. . . It's not sexy now to ask for money to repair old tracks and fix existing tunnel. . . What's sexy is building something new." [emphasis added.]

3. Realistic financial plan for transit operations. In St. Louis, we have a dedicated transit sales tax for subsidizing operations, which has been in place since 1973. The financial plan for the project does not call for any diversion of Section 9 funding from bus operating needs.

4. Joint development/value capture potential of project. Because of its numerous tie-ins to major development sites, the St. Louis project offers very substantial potential for value capture such as tax increment financing or special taxing districts. All legal and regulatory tools are already in place.

5. Private sector involvement. Not only does the St. Louis project exhibit a high degree of public-private partnership on the land use/development side, it features as well what we believe to be a unique cooperative arrangement with private railroads, by which the City of St. Louis will acquire the fixed asset base for the project.

6. Cost-effective construction. Though the St. Louis project features underground subway service in two key areas (central business district and Washington University Medical Center complex), it requires absolutely no subway construction because already-in-place tunnel sections will be utilized. This feature of the project, combined with the unique use of other existing infrastructure, results in a line which can be constructed for approximately $12-$13 million per mile in 1987 dollars, yet includes the above-mentioned underground service in areas of high congestion, double-tracking throughout, 24 stations, a very complete security system, a major river crossing, ample park and ride facilities, full handicapped accessibility and complete integration into the

new unit terminal complex at Lambert-St. Louis International Airport. We are absolutely convinced that no other project offers this kind of value for such a modest capital investment, especially when one considers the projected construction costs of other proposed new starts, which range as high as $202 million per mile.

7. Benefits to minority businesses and resident. The St. Louis project will directly serve those portions of the region--East St. Louis, North St. Louis, and North St. Louis County--with the highest concentrations of minority population, the greatest levels of economic distress, and the highest level of transit dependency. Thus, the project will greatly improve accessibility to regional employment centers for the area's economically disadvantaged residents.

8. Time savings for existing transit passengers. The St. Louis project will result in a minimum of $15 million worth of time savings to existing public transit users on an annual basis.

9. Economic development potential. The St. Louis project has been very conservatively estimated to induce approximately $400 million in new private investment by 1995, resulting in $9 million in new tax revenues.

UMTA CRITERIA

Regarding UMTA criteria for new starts, we must stress the fact that travel demand, or ridership, using UMTA proposed methodologies underestimates or ignores two factors which are of special importance to the St. Louis light rail project.

The first factor is "non home-based" trips, e.g. those trips made during lunchtime or between tourist attractions where neither the origin or destination is the travellers home. Our proposed alignment is well located with respect to the region's largest tourist attractions and commercial centers and will likely serve many non home-based trips.

The second, and perhaps most important factor is that trips derived from the projected development along the alignment were completely ignored in UMTA's initial review of our ridership estimates. This is particularly noteworthy since it is likely that employees of those businesses who choose to locate near stations will be much more likely to use public transit because of its proximity and convenience.

Using a conservative approach we estimate that about 2900 non home-based trips had not been accounted for in our original ridership estimates of 12,500,000 in 1995. Similarly, some 10,500 new transit trips will result from the economic activity around the stations. Therefore, the minimum total additional transit trips will be about 13,400 daily or nearly 3,400,000 annually. This results in an UMTA Federal CE "Cost Effective" rating of $2.04 per additional passenger and a total CE of $3.48. The additional ridership makes the project "eligible" by UMTA's standards. Were we to be compared to no-action rather than TSM as was Los Angeles, the Federal CE of 1.37 and total CE of 1.85 exceeds all but Seattle and Los Angeles among UMTA rated projects. A statement released by APTA in April of 1984 points out that while most estimates on transit ridership leave a 10% margin of error, a change of 1/2 of 1% qualifies our project under proposed UMTA criteria.

> In the St. Louis Light Rail proposal, "The margin of error that determines eligibility vs. eligibility is tiny: about 1/2 of one percent based on ridership estimates eleven years in the future. An error in the estimates of as little as 1/2 of one percent would move the light rail project from ineligible to eligible when compared to the bus expansion alternative."

Therefore, with the revision of our ridership numbers, still very conservative by all standards, we now meet the UMTA new start criteria.

I hope that these comments prove useful to you in your deliberations and that you will agree with the citizens of the BiState region and with the Missouri and Illinois congressional delegations that our project is clearly deserving of funding for Fiscal Year 1986. Thank you again for your attention. We will be pleased to answer any questions you may have about the St. Louis project.

A POSITION STATEMENT ON LIGHT RAIL TRANSIT

> *Our vast progress in transportation, past and future, is only a symbol of the progress that is possible by constantly striving toward new horizons in every activity.*

This quote from Alfred P. Sloan, Jr. could easily have been written as a statement for St. Louis as our community moves toward a final decision on the issue of light rail transit. The addition of light rail as a component of this region's public transit system will provide new opportunities for economic development and investment and set the stage for the achievement of St. Louis' potential for the future.

* * * * *

The position on light rail transit presented in this document reflects the understandings and thoughts of those whose signatures are affixed. Members of the Missouri and Illinois Congressional delegations have offered our region the opportunity to make a choice in regard to transit alternatives and encouraged comment from residents of the region. In addition, colleagues from within the private sector have asked our opinions about the impact that light rail could have on the future.

This interest on the part of our U.S. senators and representatives and others in the business community, coupled with our interest in the role of public transit in the St. Louis region, prompted the undersigned persons in their individual capacities to come together as an ad hoc group and assume a participatory role in the evaluation of the light rail issue.

The Need for Improved Public Transit

As individuals who have worked collectively and independently for progress in our community, we recognize that the private sector has an obligation to participate in an advisory capacity on public issues and often is called on to do just that. We also understand the need to base opinions and decisions on fact. For this reason, we requested a series of lengthy briefing sessions with the staff of the East-West Gateway Coordinating Council and the Council's consultant before making any specific judgments on the light rail issue.

Based on the facts presented to us by the Council staff and consultant, our ad hoc group has concluded that there is a need for improved public transit service to residents of this region. An analysis of the statistics presented to us on decreasing ridership, increasing fares, a declining base of service and an eroded public image of the present transit system led to this conclusion.

While there are a variety of ways in which St. Louis' public transit system could be improved, we are of the opinion that a combination of light rail and buses offers greater potential for a better regional transportation system than buses alone can provide.

At the same time, we are convinced that there is a direct corollary between an efficient and cost-effective transit system and the long-term vitality of the region. Light rail can provide an important economic tool desperately needed to spur new and continued investment in the community.

An Overview of This Economic Rationale

The fixed transit route over which a light rail system would operate offers a greater impetus for stimulating and sustaining investment in the community than does a system comprised solely of buses. Experiences in other cities, where rail already is a component of public transit or where rail systems are under construction, prove the point. Station areas along the rail lines attract a variety of business and residential development, including mixed-use projects, office buildings and hotels. There are numerous opportunities for such development along St. Louis' proposed light rail line, stretching from the east side of the region to municipalities in the north part of St. Louis County.

We recognize that some sections of our region already are experiencing the benefits that derive from economic development. We also recognize that, as a community, we cannot afford to be short-sighted about the need to protect these investments over the long term. A combination of light rail, connecting buses and park and ride lots for those who would continue to use the private automobile to meet transportation needs would provide a stabilizing link for these investments. The improved transit system also would help re-establish St. Louis as a major competitive center with other urban areas across the United States.

Considering the Capital Costs

Unlike almost any other metropolitan area in the country, St. Louis has a singularly unique opportunity to build a light rail system at an extremely economical cost and at no added burden to taxpayers of the region.

Installation of light rail as a new and vibrant component of our public transit system will not require a bond issue. It will not require a tax increase. This is because physical facilities (existing rail trackage and tunnels) are largely in place for much of the system.

Regulations require that federal funding for transit projects of this type must have a matching component, on a fixed formula, from local governments. Through creative planning that has been done, it will be possible to meet the local funding requirement with physical assets the City of St. Louis already has.

Negotiations with the railroad companies to assure that the assets will be available have been extremely positive. Because of the companies' cooperative attitudes and willingness to enter into the complex negotiations, we have strong reason to believe that final agreements will be reached at the appropriate time. The Urban Mass Transportation's willingness to recognize these assets as St. Louis' local share also is encouraging. In fact, federal funds totaling $4 million already have been reserved for preliminary engineering of the system.

We believe that the capital cost estimate in the range of $250 million is realistic from an engineering perspective. Furthermore, because this sum is relatively small in comparison to cost estimates for rail systems in other metropolitan areas and because it is an amount that can be matched without any added cost to the region, we believe that a light rail transit system is within St. Louis' financial reach.

An Assessment of Operational Cost Estimates

In our examination of the financial aspect of this issue, we have asked a question similar to that raised by others: Can light rail be operated in a cost-effective manner and without jeopardizing bus service to parts of the region that would not be directly served by the light rail transit line?

To answer this question we have carefully reviewed operating statistics and cost summaries for all of the transit alternatives included in the East-West Gateway analysis. While we do not claim to be transit experts, we do understand the standards of sound business practice and believe the user and cost projections have been formulated within those standards.

We believe, too, that the facts presented to us demonstrate that revenue expectations are realistic. A combined light rail-bus system can be operated within the limits of public revenues already being committed for public transportation in this region. In fact, comparisons of total revenues and total operating expenses for all the transit alternatives suggests to us that from a financial perspective light rail is as acceptable as any other option.

Furthermore, we believe it is possible to expect more efficient and cost-effective bus service when that service is combined with light rail. Because of the greater passenger capacity of light rail cars, the need for numerous buses to provide service through the region's central corridor would be reduced substantially and, in some instances, even eliminated. This equipment could, in turn, be utilized to provide expanded service in other, less densely populated sections of the region that are not now adequately served due to limited resources.

Another comment regarding light rail operations: We recognize that a single operating entity is essential to the success of an improved public transit system in St. Louis. It makes good business sense to explore the steps necessary to strengthen our existing transit operation instead of creating a new authority.

Other Convincing Factors

Although the main concern of our ad hoc group has been to examine the potential light rail offers from a business and financial point of view, there are other factors that make a convincing case for light rail transit.

We are aware that today's light rail vehicles have been upgraded and modernized. They are designed to provide efficient service in an environment that is significantly different from that of the early 1900s, when rail transit was an accepted mode of urban transportation and the only mode available to many people.

Because the vehicles are powered by electricity, they are virtually pollution free. This is a critical consideration. Our region's air pollution problems that have been created as a result of reliance on oil- and gasoline-powered vehicles must be addressed and light rail would make a positive contribution toward resolving that need.

Environmental aesthetics are yet another consideration. There is, indeed, an appreciation for the character of neighborhoods on the part of the East-West Gateway staff and its consultant. Out of this appreciation has grown the sensitivity to station design that would make these facilities compatible with the areas and structures by which they are surrounded. The impact light rail would have on the desirability of residential areas close to the system also is a key factor in light rail's favor.

Security and safety also are important. We are impressed with the sensitivity the East-West Gateway staff and its consultant have shown to these two elements of a light rail system.

Finally, from our business perspective, we cannot overlook the new services and new jobs that would be created as a result of investment around rail stations and the prospects of broader and more stable tax bases that would be realized by the local communities.

A Philosophical Note

A unified request for the federal grants that will be necessary to construct a light rail system will further the new spirit of regional cooperation that exists today in St. Louis. More important, however, is the competitive pressure that exists among many of this nation's cities for economic growth, new jobs and a fair share of federal dollars. The demonstration that our community is united in its desire to improve public transit will go a long way in guaranteeing St. Louis' access to federal assistance that is available.

Members of the Missouri and Illinois Congressional delegations already have demonstrated a sense of cooperation and unity on the light rail issue. We should be prepared to follow that example at the local level.

Understandably, some residents of University City and Clayton have questions about the desirability of a light rail line in close proximity to their homes. Until the questions can be resolved, we are of the opinion that the most prudent course of action at this time is to eliminate a University City-Clayton line from the initial first phase of the project.

This does not diminish our belief that such a line would be desirable and would greatly enhance St. Louis' public transit system. The door should remain open for possible reconsideration of the line at some future time.

As responsible businessmen who have participated in the planning and decision-making that must accompany any major investment, either for the community or for our corporations, we understand fully the necessity of careful analysis and prudent courses of action. We understand, too, that with any investment decision there is a degree of risk that must be assumed and weighed against anticipated rewards.

Based on our business experiences, our understanding of the planning and evaluation that has been given to the light rail issue and our analysis of projections for construction and operation of the system, we believe any risks this community would assume are far outweighed by the rewards to be gained. Those rewards: Improved public transit service and an economic tool for future investment, both of which justify moving forward with the light rail transit project.

CONGRESSIONAL WITNESSES

STATEMENT OF HON. ALAN CRANSTON, U.S. SENATOR FROM CALIFORNIA

Senator ANDREWS. Our next witnesses are our colleagues Senator Cranston and Senator Wilson, who will introduce the mayor of Los Angeles, Mayor Bradley, who is accompanied by Mr. William Robertson.

It is good to have you here, Senator Cranston.

Senator CRANSTON. Thank you, Mr. Chairman. Senator Pete Wilson and I will be introducing several distinguished Californians this morning. We have with us representatives of major urban areas in California—Los Angeles, the San Francisco Bay Area, and San Diego. We are pleased to appear on behalf of these cities.

Each city has transit needs that can only be met through the kinds of mass transit programs you have so consistently championed in the Senate.

Speaking on behalf of the Los Angeles Metro Rail Project will be the Honorable Tom Bradley, our truly great mayor of Los Angeles; William Robertson, executive secretary of the L.A. County Federation of Labor, AFL–CIO, an outstanding labor leader; Ray Remy, president, Greater Los Angeles Chamber of Commerce—they have been doing great work on behalf of this project; Jacki Bacharach, councilwoman from Rancho Palos Verdes and chairwoman, Los Angeles County Transportation Commission; Nick Patsaouras, president, Board of Directors, Southern California Rapid Transit District.

Let me say very briefly on my own behalf and on behalf of this project and the various matters that we are considering. I thank you for this opportunity to testify specifically on behalf of the Los Angeles Metro Rail Project. I commend you, Mr. Chairman, for your customary thorough and conscientious examination of mass transit needs across the country.

The Southern California Rapid Transit District has requested $150 million for fiscal year 1986 in order to begin the initial construction segment of Metro Rail. Metro Rail is the vital first step in addressing the mounting traffic congestion and air quality problems generated by the continued growth of the Los Angeles area.

To put this need in perspective, we should note that the Los Angeles Basin contains the second largest urban population in the United States. In the decade between 1970 and 1980, the area population increased by more than 1.3 million—more than any other urban area. During the same period, job growth in the Los Angeles area was eight times that of Chicago and nearly four times that of New York City.

The beneficiaries of Los Angeles' boundless economic growth are the State of California and the rest of America. California is America's gateway to the Far East, with 80 percent of our Pacific trade leaving from California ports, and Los Angeles is the focal point of California's economic activities with 63 of California's top 100 businesses, 7 of the top 10 industrial firms, 4 major banks, 6 of the top 10 savings and loan institutions, and 6 of the top 10 merchandising companies. Estimates point to a population increase of at least 2 million in the Los Angeles area by the year 2000.

As the area continues to grow, it becomes increasingly difficult to meet the transportation challenges of the burgeoning region. As the fastest-growing urban population in America, Los Angeles deserves the same type of rapid transit system enjoyed by cities almost half our size—cities like Boston, Baltimore, and Washington, DC. Just widening streets and freeways is not the solution.

To develop an overall transportation plan for the area, the Greater Los Angeles Transportation Commission was formed, comprising the Southern California Association of Governments, L.A. County Transportation Commission, and the Southern California Rapid Transit District.

This public/private partnership views the Metro Rail subway system as its highest transportation priority, and the securing of the Federal funding commitment as its major immediate goal. Metro Rail will be the backbone of the 150-mile system of light and heavy rail lines and dedicated busways approved by the L.A. County voters in 1980. In fact, the local commitment to Metro Rail is significant and longstanding.

L.A. County voters have pitched in financially. They have twice voted to tax themselves for transit improvements in the L.A. Basin. The ½-percent transit tax initiative has generated more than $100 million a year for transit capital expenditures, including Metro Rail.

As a Senator from California, I am joining with the Transportation Coalition, the California Transportation Commission, the L.A. City Council, and the L.A. County Board of Supervisors in urging you to approve the $150 million request for Metro Rail in fiscal year 1986. And I thank you very much.

Senator ANDREWS. Thank you very much.

Senator Wilson.

STATEMENT OF HON. PETE WILSON, U.S. SENATOR FROM CALIFORNIA

Senator WILSON. Thank you, Mr. Chairman.

Sensitive to the time problems that are faced by you and your subcommittee, I will summarize my testimony.

You have heard, Mr. Chairman, that in this time of diminishing resources there is a tremendous local contribution being made to support this project. And I needn't remind you, because of your extensive background, that in a time when he was less constrained in his enthusiasm, the administrator of the Urban Mass Transportation Administration, Mr. Stanley, has stated that Metro Rail is the most cost effective new start rail project in the entire country. In fact, in a study commissioned by UMTA, the Regional Planning Association concluded that Metro Rail easily surpassed the widely accepted threshold for heavy rail development.

Mr. Chairman, what we are saying is that if the subcommittee determines that rather than dealing with the formula proposed by the administration it is going to continue as it has in the past to allocate resources on the basis of merit as determined by the subcommittee, then we feel that this project is deserving of your support.

It enjoys the most widespread possible community and political support. As you have been told, the voters of Los Angeles County, as well as those of the State of California, have voted to support it. Los Angeles County's ½-cent sales tax is going to raise a substantial amount of money. The State, through its Transportation Commission, has pledged $400 million of sales tax funds to build Metro Rail. The local business community will contribute at least $170 million through use-benefit assessment districts.

Now, I think, Mr. Chairman, that we can make a very substantial case for a contribution. In fact, for the initial construction of Metro Rail, nonsection 3 funding sources will provide more than 50 percent of the project's total cost. This percentage is more than twice the non-Federal match required under the Surface Transportation Assistance Act.

Mr. Chairman, you have much on your agenda. I think that even in a time when we are faced with the reality of diminishing resources, we are also faced with how we are going to finance America's infrastructure. And as you have made clear in your participation and leadership in this subcommittee, there is no greater need certainly for the Southern California area and for the Los Angeles area in particular than this kind of project.

We project in demographic studies an average freeway speed of 37 miles per hour will, over the next quarter century or less, drop to 17 miles per hour. We are projecting an enormous growth.

I will not take more of your time, Mr. Chairman. We need this project, and we need the subcommittee's continued support.

Thank you.

Senator ANDREWS. Thank you very much, Senators.

Let me ask: The administration is proposing to distribute capital funds by formula. Now, you are requesting $150 million of discretionary funds. Would you get anywhere near that level under the formula?

Senator WILSON. No, sir. I do not think that we would—well, you say would we get near it. We would get, as I am advised, something in the neighborhood of $140 million for the entire State.

Senator ANDREWS. Well, as you know, in the budget package that is on the floor of the Senate, there are provisions to hold to a formula figure. If we do in our infinite wisdom as Senators over there on the floor enact that budget resolution and tack reconciliation on to it, some of the power of our various appropriations subcommittees, of course, to be responsive will be taken away. And we had that discussion last year, I think, when you were both here.

The problem we are faced with is we might not be able to be responsive to our colleagues' requests because this discretion is being taken more and more away from the committees of the Congress and lodged in the eminent bureaucracy downtown.

Senator CRANSTON. In our infinite wisdom maybe we can find a way to do better. There are so many drivers in Los Angeles who have been paying a gas tax for many years that has paid for rail rapid transit developments in other communities across the country.

Now it is our turn. We have put a lot of money elsewhere. We are entitled to get a fair share now for Los Angeles.

Senator ANDREWS. Thank you very much.

Senator WILSON. Thank you, Mr. Chairman.

Mr. Chairman, as you have heard, there will be other communities in addition to those representing Los Angeles. My distinguished colleague has mentioned that there will be a representative from the Metropolitan Transportation Commission of the San Francisco Bay Area, Robert Schroeder. He will be representing them. Also testifying today will be Councilman Richard Murphy and Councilman William Jones, who are the chairman and board member, respectively, of the San Diego Metropolitan Transit District Board. The San Diego Light Rail System will also be before you and will have my endorsement.

Senator ANDREWS. Could I ask my colleagues to hold off for just a minute? We have one of our other colleagues here who would like to make a statement, Senator Dixon, who is at the table, and we'd like to extend the courtesy to him; then hear our Los Angeles witnesses following Senator Dixon, who is appearing, as I understand, for himself and Senator Simon, who was here in the room a few moments ago and had to leave.

STATEMENT OF HON. ALAN DIXON, U.S. SENATOR FROM ILLINOIS

Senator DIXON. I thank you, Mr. Chairman. I will be very brief. And I thank the distinguished mayor of Los Angeles and my colleagues from California and all of their associates for permitting me, Mr. Chairman, to interrupt the proceedings very briefly.

I am pleased to be here this morning, Mr. Chairman, on behalf of myself and my distinguished colleague from Illinois, Senator Simon, to introduce the panel of Chicago area transit witnesses to the subcommittee. The panel members, Mr. Chairman, all good friends of mine, include Sam Skinner, the chairman of the Regional Transportation Authority; Bernard Ford, executive director of the Chicago Transportation Authority; James Cole, executive director of the Commuter Rail Board; and Jerome Butler, commissioner of the Chicago Department of Public Works.

And on behalf of all of them, Mr. Chairman, I wonder if Sam Skinner, who is a former distinguished U.S. district attorney from the County of Cook in the Chicago area, a very close associate of Governor Jim Thompson's, would be kind enough to stand so the chairman would see him?

Senator ANDREWS. He's standing.

Senator DIXON. Good. Thank you, Sam.

Senator ANDREWS. The record will show he is here.

Senator DIXON. I commend the testimony they will present to you, Mr. Chairman. I want to take this opportunity to say that I strongly support their request. The testimony the panel will give this morning covers a number of areas and makes a few very reasonable requests. I would like to take the time of the subcommittee to comment on just one: Interstate transfer.

Probably the decisive reason the decision was made not to go ahead with the crosstown expressway was the existence of the Interstate Transit Program which was designed to make it possible to put those resources to other transportation uses within the area. However, if interstate transfer funding falls, it is very likely that the resulting reduced flow of funds will mean the cancellation of some of the substitute projects that the Federal Government agreed to finance at the time of the withdrawal.

Now, Mr. Chairman, I have a full statement. I ask leave of yourself and the committee to insert that in the record. And on behalf of my junior colleague, Senator Paul Simon, and myself, I commend to you most earnestly, Mr. Chairman, the good testimony of my good friends from Chicago.

Thank you.

Senator ANDREWS. Senator, your statement will appear in the record in its entirety, as will the statement of your colleague.

[The statements follow:]

STATEMENT OF SENATOR DIXON

MR. CHAIRMAN, I AM PLEASED TO BE HERE THIS MORNING TOGETHER WITH MY DISTINGUISHED COLLEAGUE FROM ILLINOIS, SENATOR SIMON, TO INTRODUCE THE PANEL OF CHICAGO AREA TRANSIT WITNESSES TO THE SUBCOMMITTEE. THE PANEL MEMBERS, ALL GOOD FRIENDS OF MINE, INCLUDE SAM SKINNER, CHAIRMAN OF THE REGIONAL TRANSPORTATION AUTHORITY, BERNARD FORD, EXECUTIVE DIRECTOR OF THE CHICAGO TRANSPORTATION AUTHORITY, JAMES COLE, EXECUTIVE DIRECTOR OF THE COMMUTER RAIL BOARD, AND JEROME BUTLER, COMMISSIONER OF THE CHICAGO DEPARTMENT OF PUBLIC WORKS.

I COMMEND THE TESTIMONY THEY WILL PRESENT TO YOU, AND I WANT TO TAKE THIS OPPORTUNITY TO SAY THAT I STRONGLY SUPPORT THEIR REQUESTS.

THE CHICAGO AREA HAS A STRONG AND VITAL TRANSIT SYSTEM, AND THIS SUBCOMMITTEE HAS PLAYED A MAJOR ROLE IN BUILDING AND PRESERVING THAT SYSTEM. AS THE PANEL WILL TELL YOU, THE SYSTEM CARRIES OVER 2.3 MILLION PASSENGERS PER DAY AND OVER 80 PER CENT OF THE TRAVEL INTO DOWNTOWN CHICAGO IS BY TRANSIT. TRANSIT, THEREFORE, IS ESSENTIAL TO THE AREA. IT IS NOT A LUXURY, BUT RATHER A VITAL COMPONENT IN KEEPING THE ECONOMY OF THE AREA FUNCTIONING.

I THINK WE WOULD BE MAKING A MAJOR LONG-TERM MISTAKE, THEREFORE, BY DENYING THE AREA THE KIND OF FUNDING NECESSARY TO

CONTINUE TO MAINTAIN AND PROTECT THAT TRANSPORTATION RESOURCE. I RECOGNIZE THE TOUGH BUDGETARY SITUATION WE ARE IN, BUT I WOULD ARGUE THAT FEDERAL TRANSIT PROGRAMS HAVE ALREADY DONE FAR MORE THAN THEIR SHARE TO HOLD DOWN THE GROWTH OF FEDERAL SPENDING.

FISCAL 1985 TRANSIT SPENDING IS WELL BELOW THE 1980 LEVELS, IN SPITE OF THE 1982 INCREASE IN THE GAS TAX THAT WAS SUPPOSED TO PROVIDE ADDITIONAL FUNDS FOR TRANSIT. AS I'M SURE THE SUBCOMMITTEE KNOWS, TRANSIT HAS NOT EVEN BEEN ABLE TO SPEND THE FULL AMOUNT RAISED BY THE ONE PENNY OF THE TAX ALLOCATED TO TRANSIT. THE TAX RAISES OVER $300 MILLION PER YEAR MORE THAN IS BEING FUNDED OUT OF THE TRUST FUND, WITH THE RESULT THAT THE TRANSIT ACCOUNT HAS ACCRUED A SURPLUS OF OVER $1.2 BILLION, WHICH ALSO SERVES TO HOLD DOWN THE DEFICIT.

I WON'T TAKE THE TIME OF THE SUBCOMMITTEE TO MAKE THIS ARGUMENT IN DETAIL. I KNOW THE CHAIRMAN AND OTHER MEMBERS ARE MORE EXPERT IN THIS AREA THAN I AM. I WOULD SIMPLY ARGUE, HOWEVER, THAT THERE IS AN EXCELLENT CASE FOR PROTECTING THE FUNDING LEVELS OF THE TRANSIT PROGRAM. BUDGETARY PRIORITIES MIGHT REQUIRE THAT TRANSIT FUNDING BE FROZEN, AND I WOULD SUPPORT A FREEZE IN TRANSIT SPENDING. HOWEVER, I DO NOT BELIEVE THAT THE CUTS CALLED-FOR IN THE SO-CALLED "ROSE GARDEN" PACKAGE ARE EITHER DESIRABLE OR FAIR.

I URGE THE SUBCOMMITTEE, THEREFORE, TO DO EVERYTHING

POSSIBLE TO PROTECT TRANSIT FUNDING WITHIN THE RESOURCES THAT WILL BE AVAILABLE FOR TRANSPORTATION UNDER THE BUDGET.

THE TESTIMONY THE PANEL WILL GIVE THIS MORNING COVERS A NUMBER OF AREAS, AND MAKES A FEW VERY REASONABLE REQUESTS. I'D LIKE TO TAKE THE TIME OF THE SUBCOMMITTEE TO COMMENT ON JUST ONE -- INTERSTATE TRANSFER. THE DECISION NOT TO BUILD THE CROSSTOWN EXPRESSWAY IN CHICAGO WAS A DIFFICULT AND CONTROVERSIAL ONE. PROBABLY THE DECISIVE REASON THE DECISION WAS MADE NOT TO GO AHEAD WITH THE FREEWAY WAS THE EXISTENCE OF THE INTERSTATE TRANSIT PROGRAM, WHICH WAS DESIGNED TO MAKE IT POSSIBLE TO PUT THOSE RESOURCES TO OTHER TRANSPORTATION USES WITHIN THE AREA. HOWEVER, IF INTERSTATE TRANSFER FUNDING FALLS, IT IS VERY LIKELY THAT THE RESULTING REDUCED FLOW OF FUNDS WILL MEAN THE CANCELLATION OF SOME OF THE SUBSTITUTE PROJECTS THAT THE FEDERAL GOVERNMENT AGREED TO FINANCE AT THE TIME OF THE WITHDRAWAL.

THIS IS, I BELIEVE, A BREACH OF FAITH WITH THE AREA. IN MY VIEW, THE WITHDRAWAL AGREEMENTS REPRESENTS A CONTRACT. IF WE DO NOT PROVIDE THE FUNDING NECESSARY TO PERMIT THE AGREED-UPON PROJECTS TO BE CONSTRUCTED, THEN WE ARE BREACHING THAT CONTRACT. THE CHICAGO AREA IS REQUESTING $150 MILLION FOR INTERSTATE TRANSFER - TRANSIT PROJECTS IN FISCAL 1986. I URGE THE COMMITTEE TO DO EVERYTHING POSSIBLE TO MAKE THAT AMOUNT AVAILABLE.

LET ME ALSO TAKE THIS OPPORTUNITY TO HIGHLIGHT THE JOINT OF

SENATORS EAGLETON, DANFORTH, SIMON, AND MYSELF ON BEHALF OF THE ST. LOUIS AREA LIGHT RAIL PROJECT. AS THE STATEMENT POINTS OUT IN DETAIL, THAT IS A GOOD, COST-EFFECTIVE PROJECT, AND I URGE THE COMMITTEE TO DO EVERYTHING IT CAN TO PROVIDE THE FUNDING NECESSARY TO MOVE FORWARD ON THAT IMPORTANT PROJECT.

FINALLY, LET ME SAY, MR. CHAIRMAN, THAT I AM VERY WELL AWARE OF HOW HARD YOU AND SENATOR CHILES HAVE WORKED TO TRY TO PROVIDE THE TRANSPORTATION MONEY WE NEED IN ILLINOIS. THIS SUBCOMMITTEE HAS DONE WELL BY US IN THE PAST, AND I KNOW YOU UNDERSTAND OUR NEEDS. I APPRECIATE YOUR PAST EFFORTS MORE THAN I CAN SAY, AND I HOPE YOU WILL AGAIN FIND IT POSSIBLE TO GRANT OUR REQUESTS. THANK YOU FOR YOUR TIME AND YOUR CONSIDERATION.

City of Los Angeles Metro Rail

STATEMENT OF HON. TOM BRADLEY, MAYOR, CITY OF LOS ANGELES, CA

ACCOMPANIED BY:

JACKI BACHARACH, COUNCILWOMAN, RANCHO PALOS VERDES, AND CHAIRWOMAN, LOS ANGELES COUNTY TRANSPORTATION COMMISSION

NICK PATSAOURAS, PRESIDENT, BOARD OF DIRECTORS, SOUTHERN CALIFORNIA RAPID TRANSIT DISTRICT

Senator ANDREWS. Mr. Mayor, good to have you here.

Mayor BRADLEY. Thank you, Mr. Chairman. I appreciate the opportunity for the Los Angeles community, represented by all of these interests from business, labor, community organizations, the Southern California Rapid Transit District, and the political leadership of our city to say to you in no uncertain terms Los Angeles has its act together. There is near unanimity on the issues with respect to Metro Rail, the issue for which we are asking our third year appropriation.

I have just returned from the Far East; in fact, I hardly had time to stop in L.A. and drop my luggage before coming here. Wherever I went, whether it was Japan or Taiwan or Hong Kong or Honolulu, there was strong indication that the Pacific rim nations recognize that the Los Angeles area is truly a gateway city of the west coast of this country through which trade and commerce and tourism will flow in very substantial numbers, not only this year but especially during the 21st century.

The economy of this Nation I think is at stake in terms of how well we provide for the infrastructure, the transportation needs not just of Los Angeles; I think we speak primarily for our city and our community, but we seek also for the other great cities of this Nation that have similar kinds of needs.

It is our hope that this committee will recommend the third-year appropriation for Los Angeles in order that we begin construction. We have had 2 years of money for which we have been able to provide the planning and engineering and land acquisition. We are now at the point where we are ready to start construction. With this third-year appropriation and the appropriate action of the Senate and the House, we can start that construction.

The first segment is only 4.5 miles, but it is a part of an 18.6-mile Metro Rail system which is the backbone of our entire 152-mile system. We have the local money to provide for the construction of that 134 miles of the light rail system, but without the backbone system, this Metro Rail segment, the rest will not make good sense. There will be nothing to which those light rail legs can tie. And that is the reason that it is essential that in terms of providing for free flow of commerce and industry and trade and for our people that we must build Metro Rail.

We now transport 190,000 a day by bus along that Wilshire corridor where we propose to build Metro Rail. We can expect that number to increase significantly by the 21st century. We must start now, not just in Los Angeles but across this Nation, to look for the long-term interests of this community.

I am going to ask that my colleagues who have joined me here, two of them will speak, and I will first ask our great labor leader, Bill Robertson, to add to my comments.

[The statements follow:]

Statement of Mayor Bradley

MR. CHAIRMAN, I WELCOME THE OPPORTUNITY TO APPEAR BEFORE YOUR SUBCOMMITTEE. I WOULD PERSONALLY LIKE TO THANK YOU, MR. CHAIRMAN, AND THE OTHER MEMBERS OF THE SUBCOMMITTEE FOR UNDERSTANDING THE IMPORTANCE OF THE METRO-RAIL PROJECT TO THE CITY OF LOS ANGELES AND TO THE LARGER TRANSIT GOALS THIS NATION HAS SET FOR ITSELF.

I AM HERE TODAY TO TALK ABOUT MORE THAN METRO-RAIL. IT IS ESSENTIAL THAT WE RECOGNIZE THE LONG-TERM, FAR-REACHING AND MOMENTOUS EFFECTS OF CONGRESS' DECISION ON MASS TRANSIT FUNDING. INDEED, THE LARGER QUESTION BEFORE CONGRESS IS WHETHER WE HAVE THE FORESIGHT AND THE COURAGE TO ASSURE THAT THIS NATION IS READY TO MEET THE ECONOMIC CHALLENGES OF THE TWENTY-FIRST CENTURY.

BECAUSE LOS ANGELES ITSELF IS A GREAT INTERNATIONAL CITY, THE EFFECTIVENESS OF OUR TRANSPORTATION SYSTEM IS A MATTER OF SIGNIFICANT NATIONAL CONCERN. ALREADY, THE LOS ANGELES METROPOLITAN REGION IS ONE OF THE MOST IMPORTANT ECONOMIC AREAS IN AMERICA. LOS ANGELES HAS ALSO BECOME AMERICA'S GATEWAY TO THE PACIFIC RIM. THE PACIFIC RIM IS EASILY THE FASTEST GROWING ECONOMIC REGION IN THE WORLD. WITHOUT A DOUBT, THE TRADE, COMMERCE AND 11 MILLION TOURISTS WHO VISIT LOS ANGELES EACH YEAR WILL HELP KEEP THIS NATION PROSPEROUS INTO THE NEXT CENTURY.

THE PEOPLE OF LOS ANGELES HAVE TAKEN THEIR ROLE AS AMERICA'S DOOR TO THE PACIFIC RIM VERY SERIOUSLY. INDEED, WE HAVE ADOPTED A COMPREHENSIVE PLAN THAT WILL ALLOW LOS ANGELES TO RESPOND VIGOROUSLY TO THE CHALLENGES AND OPPORTUNITIES OF THE

FUTURE. METRO-RAIL IS CENTRAL TO THIS COMPREHENSIVE PLAN. SIMPLY PUT, THE ABILITY OF LOS ANGELES TO PLAY ITS VITAL PART IN AMERICA'S ECONOMIC FUTURE IS INEXTRICABLY TIED TO METRO-RAIL.

THE METRO-RAIL SYSTEM HAS BEEN CAREFULLY DESIGNED TO MEET LOS ANGELES' TRANSPORTATION NEEDS. MORE THAN 7,000 PARTICIPANTS IN OVER ONE HUNDRED MEETINGS THOROUGHLY ANALYZED ELEVEN SEPARATE MASS TRANSIT ALTERNATIVES BEFORE METRO-RAIL WAS FINALLY CHOSEN. IN ALL, THE URBAN MASS TRANSIT ADMINISTRATION HAS DETERMINED THAT METRO-RAIL IS THE MOST COST-EFFECTIVE NEW MASS TRANSIT PROJECT OF ITS KIND IN THE ENTIRE UNITED STATES.

THE PEOPLE OF LOS ANGELES REALIZE THAT METRO-RAIL IS ABSOLUTELY NECESSARY: METRO-RAIL HAS RECEIVED -- AND WILL CONTINUE TO RECEIVE -- AN EXTRAORDINARY AMOUNT OF BIPARTISAN SUPPORT. IN FACT, FORTY-FIVE PERCENT OF THE COST OF METRO-RAIL'S INITIAL FOUR-MILE SEGMENT WILL BE FINANCED FROM NON-FEDERAL SOURCES. IN CONTRAST, THE TRANSIT SYSTEMS IN WASHINGTON, D.C., ATLANTA, AND SAN FRANCISCO RECEIVED LESS THAN TWENTY PERCENT OF THEIR FUNDS FROM LOCAL SOURCES. LOS ANGELES' UNPRECEDENTED LEVEL OF SUPPORT MAKES METRO-RAIL FAR SUPERIOR TO ALMOST ALL OF THE TRANSIT PROJECTS THAT HAVE BEEN FUNDED BY THE FEDERAL GOVERNMENT.

THE 4.5 MILES OF METRO RAIL FOR WHICH WE SEEK AN APPROPRIATION AT THIS TIME IS PART OF AN 18.6 MILE, ESSENTIALLY UNDERGROUND, SYSTEM WHICH WILL SERVE THE WILSHIRE CORRIDOR. THIS ROUTE IS NOW SERVED BY AN ALL-BUS SYSTEM WHICH CARRIES 190,000 PEOPLE PER DAY -- THE MOST DENSE TRANSPORTATION CORRIDOR IN THE U.S. TODAY NOT ALREADY OPERATING AN UNDERGROUND SYSTEM.

METRO RAIL IS ONLY 18.5 MILES OF AN ULTIMATE 152 MILE RAPID TRANSIT SYSTEM. THE 134 MILES WILL BE BUILT ENTIRELY OUT OF LOCAL FUNDS ALREADY APPROVED BY THE PEOPLE AND BEING COLLECTED IN LOS ANGELES COUNTY. NO FEDERAL FUNDS WILL BE ASKED FOR OR NEEDED FOR THE BALANCE OF THE COUNTYWIDE TRANSIT SYSTEM.

METRO-RAIL, HOWEVER, IS THE BACKBONE OF THE ENTIRE SYSTEM TO WHICH THE LOCALLY FINANCED LIGHT RAIL LEGS ARE ATTACHED OR UPON WHICH THE ENTIRE SYSTEM IS DEPENDENT. WITHOUT METRO-RAIL THE REST OF THE SYSTEM WOULD NOT MAKE SENSE AS A COMPREHENSIVE TRANSIT SYSTEM.

THE PEOPLE OF LOS ANGELES HAVE ALSO CONTRIBUTED GREATLY TO THE CONSTRUCTION OF MASS TRANSIT FOR CITIES THROUGHOUT THE COUNTRY. DURING THE PERIOD IN WHICH METRO-RAIL WAS BEING PLANNED, THE FEDERAL GOVERNMENT ALLOCATED MORE THAN SIX BILLION DOLLARS TO THE CITIES OF WASHINGTON, D.C., MIAMI, ATLANTA, BALTIMORE, BUFFALO AND PORTLAND FOR THE CONSTRUCTION OF THEIR NEW RAIL TRANSIT PROJECTS. YET THE CITY OF LOS ANGELES EXCEEDS THE POPULATION AND LAND AREA OF ALL OF THESE CITIES COMBINED.

METRO-RAIL IS NOT THE ONLY IMPORTANT MASS TRANSIT SYSTEM TO BE THREATENED BY THE ADMINISTRATION'S PROPOSED BUDGET. WHAT THE ADMINISTRATION FAILS TO APPRECIATE IS THAT FEDERAL ASSISTANCE FOR MASS TRANSIT CONSTRUCTION IS A SOUND INVESTMENT IN THIS NATION'S SOCIAL AND ECONOMIC INFRASTRUCTURE. FORTUNATELY FOR AMERICA'S GREAT CITIES, CONGRESS HAS ALWAYS HAD THE VISION TO INSIST THAT STRENGTHENING OUR TRANSPORTATION SYSTEM IS A PRUDENT AND NECESSARY INVESTMENT IN AMERICA'S FUTURE.

OF COURSE, THE ELIMINATION OF FEDERAL ASSISTANCE FOR

METRO-RAIL AND OTHER ESSENTIAL MASS TRANSIT PROJECTS IN CITIES ACROSS AMERICA WILL DO ABSOLUTELY NOTHING TO BALANCE THE FEDERAL BUDGET. IN 1982, THE CONGRESS AND THE PRESIDENT AGREED TO EARMARK ONE CENT OF THE NEW 5¢ PER GALLON FEDERAL GASOLINE TAX FOR THE TRANSIT TRUST FUND. THESE FUNDS, WHICH HAVE ALREADY BEEN COLLECTED AT THE NATION'S GASOLINE PUMPS AND ARE NOW ACCUMULATING IN THE MASS TRANSIT ACCOUNT, CANNOT BE USED FOR ANY OTHER PURPOSE.

I TRUST THAT THIS CONGRESS WILL REJECT THE CURRENT ADMINISTRATION'S ATTEMPT TO BALANCE THE BUDGET ON THE BACKS OF AMERICA'S CITIES. I TRUST THAT THIS CONGRESS WILL SEE THE ADMINISTRATION'S PROPOSAL FOR WHAT IT IS: UNFAIR AND SHORT-SIGHTED. OUR GREAT URBAN CENTERS ARE THE BACKBONE OF THE UNITED STATES. OUR CITIES ARE THE ENGINES THAT MOVE THE ECONOMY, CREATE JOBS, AND PROVIDE DIVERSE OPPORTUNITIES FOR ALL.

LOS ANGELES IS ONE OF THIS COUNTRY'S MOST IMPORTANT URBAN CENTERS, AND METRO-RAIL IS AN ESSENTIAL ELEMENT OF LOS ANGELES' FUTURE. THE PEOPLE OF LOS ANGELES HAVE DONE OUR PART: WE HAVE HELPED FINANCED MASS TRANSIT SYSTEMS FOR OTHER CITIES ACROSS THE COUNTRY; WE HAVE COMMITTED OURSELVES TO PAYING FOR A LARGE PORTION OF THE METRO-RAIL SYSTEM; AND WE ARE READY TO BEGIN WORK. WHAT WE NEED NOW IS ACTION BY CONGRESS TO PROVIDE LOS ANGELES WITH ITS THIRD YEAR APPROPRIATION FOR METRO-RAIL SO THAT CONSTRUCTION CAN START.

STATEMENT OF JACKI BACHARACH

CREATED BY THE CALIFORNIA LEGISLATURE IN 1976, THE LOS ANGELES COUNTY TRANSPORTATION COMMISSION (LACTC) IS AN INDEPENDENT AGENCY WHICH BRINGS TOGETHER ELECTED OFFICIALS FROM THE MAJOR LOCAL JURISDICTIONS TO RESOLVE LONG-STANDING TRANSPORTATION PROBLEMS. IT IS RESPONSIBLE FOR SETTING TRANSPORTATION POLICY AND ESTABLISHING PRIORITIES THROUGH ALLOCATION OF AVAILABLE FEDERAL, STATE AND LOCAL FUNDS. ONE OF THE MAJOR PRIORITIES OF THE COMMISSION IS THE CONSTRUCTION OF A COUNTYWIDE RAIL TRANSIT SYSTEM AND A VITAL PART OF THAT PROPOSED NETWORK IS THE METRO RAIL PROJECT.

THE METRO RAIL LINE WILL BE, FAR AND AWAY, THE MOST HEAVILY USED PORTION OF LOS ANGELES COUNTY'S PROPOSED 150-MILE RAIL SYSTEM WHICH WAS APPROVED BY VOTERS IN 1980. THE LOS ANGELES COUNTY TRANSPORTATION COMMISSION IS STRONGLY IN SUPPORT OF METRO RAIL AND URGES THE SENATE APPROPRIATIONS COMMITTEE TO APPROVE THE $150 MILLION REQUESTED IN FY 1986 TO SUPPORT THE FIRST CONSTRUCTION SEGMENT OF THE PROJECT KNOWN AS MINIMUM OPERABLE SEGMENT-1 (MOS-1). WITHOUT THE CONSTRUCTION OF METRO RAIL, THE VIABILITY OF THE COUNTY'S FUTURE TRANSPORTATION SYSTEM WILL BE IMPAIRED.

ACCORDING TO VARIOUS ESTIMATES, THE LOS ANGELES URBANIZED AREA IS EXPECTED TO GROW BY 2 TO 3.5 MILLION BY THE YEAR 2000. IN OTHER WORDS, THE PROJECTED GROWTH OF LOS ANGELES OVER THE NEXT 15 YEARS WILL EXCEED, AT A MINIMUM, THE COMBINED POPULATION OF BALTIMORE AND DETROIT. THIS INCREASED GROWTH WILL PLACE ADDITIONAL PRESSURE ON A TRANSPORTATION SYSTEM WHICH IS ALREADY HEAVILY BURDENED WITH AUTOMOBILES, BUSES AND TRUCKS. A MEANS OF ADDRESSING CURRENT AND FUTURE TRANSPORTATION DEMANDS IS THE INTRODUCTION OF A RAIL TRANSIT SYSTEM IN LOS ANGELES. METRO RAIL IS A PRIMARY LINK IN THAT SYSTEM.

Metro Rail is a high capacity starter line which will service the corridor with the highest population density in the Los Angeles Metropolitan area and ease the growing congestion into the downtown area. Moreover, Metro Rail will connect with the region's existing bus network and other proposed rail projects to provide Los Angeles with a truly effective transportation network. No other transportation alternative considered for the Wilshire Corridor can provide the service, ridership and environmental benefits offered by Metro Rail.

The need for transportation alternatives such as Metro Rail has not gone unnoticed by the voters of Los Angeles County. To meet current and future transportation needs, the LACTC placed Proposition A on the November 1980 ballot. Approved by the voters of Los Angeles County, it increased the sales tax by 1/2% to provide financing for three specific programs: reduced bus fares, local transit improvements and construction of a rail rapid transit system. This increased 1/2% in the sales tax generates more than $280 million annually exclusively for transit purposes. These funds will be used in part to match state and federal funds for the Metro Rail Project as well as to develop other rail transit corridors.

As evidence of the Commission's commitment to Metro Rail, we have programmed $412 million from Proposition A funds to support the project. In turn, the California Transportation Commission has programmed $400 million for Metro Rail, a clear illustration of state support for Metro Rail. Finally, the City of Los Angeles has pledged $69 million towards construction and benefit assessments have been established which will generate $170 million in private funds for the project. These commitments along with the use of Section 9 will allow Los Angeles to provide over 50% of the cost of MOS-1, the initial segment of Metro Rail, FROM NON-SECTION 3 SOURCES. SAID ANOTHER WAY, LOS ANGELES WILL PROVIDE MORE THAN TWICE THE AMOUNT NORMALLY REQUIRED UNDER THE SURFACE TRANSPORTATION ASSISTANCE ACT TO SUPPORT THE INITIAL CONSTRUCTION COSTS OF METRO RAIL. WITH THE COMMITMENT OF $150 MILLION IN SECTION 3 FUNDS IN FISCAL YEAR 1986, WE ARE PREPARED TO PROVIDE THE NON-FEDERAL FUNDS TO GET THIS PROJECT INTO CONSTRUCTION.

IN ADDITION TO THE SUPPORT OF STATE, REGIONAL AND LOCAL AGENCIES RESPONSIBLE FOR TRANSPORTATION PLANNING IN LOS ANGELES, THE METRO RAIL PROJECT HAS OVERWHELMING SUPPORT FROM THE LOS ANGELES BUSINESS COMMUNITY. IN FACT, INDIVIDUAL BUSINESSMEN BELIEVE SO STRONGLY IN THE SUCCESS OF THIS PROJECT THAT THEY HAVE WORKED TO FINANCIALLY ASSESS THEMSELVES FOR ITS CONSTRUCTION. FURTHERMORE, JOINT DEVELOPMENT AGREEMENTS, SUCH AS THE ONE AT THE WILSHIRE-FAIRFAX STATION COULD GENERATE SUBSTANTIAL REVENUE TO ASSIST IN THE CONSTRUCTION OF THE PROJECT.

THE COMMISSION IS ALSO MOVING FORWARD ON CONSTRUCTION OF OTHER PROJECTS WHICH ARE INTEGRATED WITH THE METRO RAIL PROJECT. THE LONG BEACH-LOS ANGELES LIGHT RAIL LINE, WHICH WILL CONNECT WITH METRO RAIL IN THE HEART OF DOWNTOWN LOS ANGELES, WILL BREAK GROUND THIS YEAR AND WILL BE FUNDED ENTIRELY WITH LOCAL DOLLARS. THE ESTIMATED CONSTRUCTION COST OF THE 21-MILE LINE IS APPROXIMATELY $600 MILLION (1985 DOLLARS) WITH AN ESTIMATED RIDERSHIP OF 54,000 PASSENGERS PER DAY BY THE YEAR 2000.

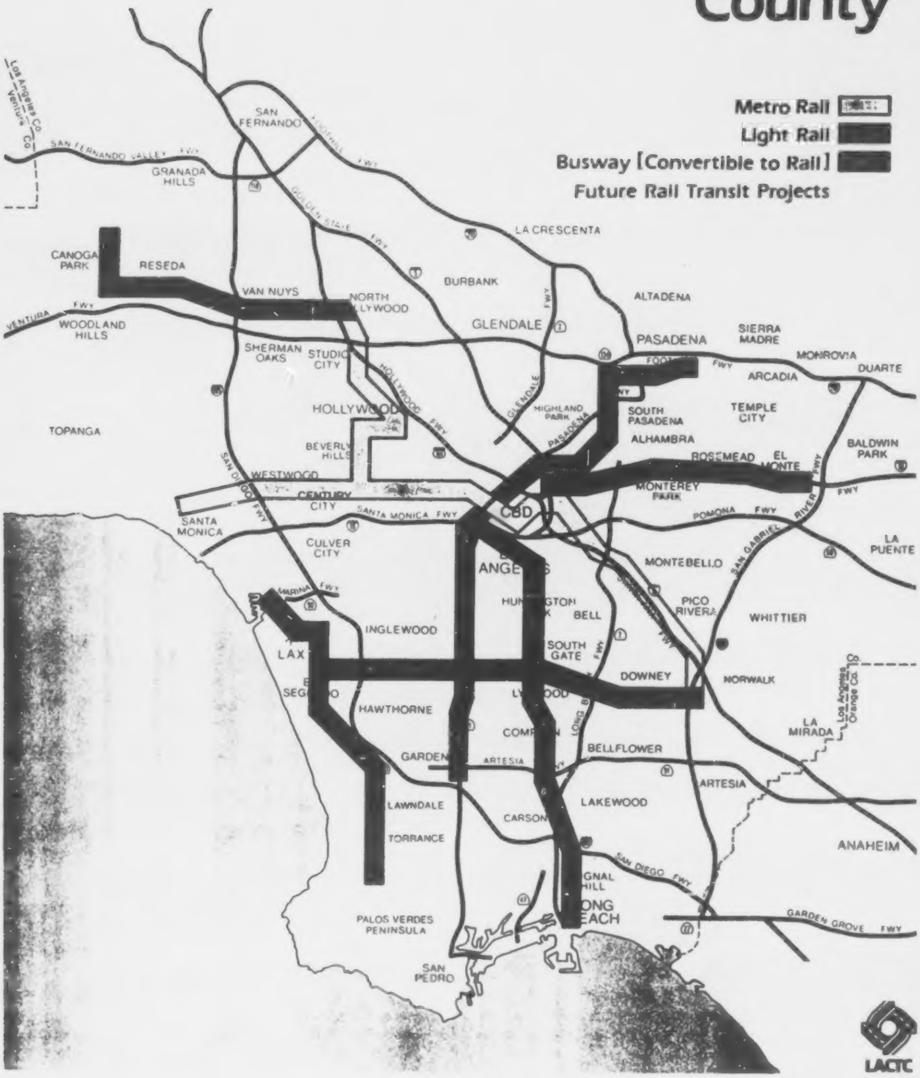
CONSTRUCTION OF THE CENTURY FREEWAY/TRANSITWAY PROJECT (INTERSTATE 105) IS ALSO UNDERWAY. WHEN COMPLETED, THE PROJECT WILL HAVE (1) THREE LANES IN BOTH DIRECTIONS FOR FREEWAY TRAFFIC, (2) ONE LANE DEDICATED TO HIGH-OCCUPANCY VEHICLES, AND (3) A TWO-TRACK LIGHT RAIL LINE IN THE CENTER WHICH WILL CONNECT WITH THE LONG-BEACH LOS ANGELES LIGHT RAIL LINE. HOWEVER, WITHOUT THE

CONSTRUCTION OF THE METRO RAIL PROJECT AND THE DEVELOPMENT OF AN INTEGRATED "SYSTEM" APPROACH, THE ADVANTAGES OF BUILDING THESE OTHER RAIL PROJECTS IS DIMINISHED.

OVERALL, THE CONCEPTUAL RAIL TRANSIT SYSTEM APPROVED BY LOS ANGELES COUNTY VOTERS IN 1980 HAS 13 BROAD CORRIDORS FOR RAIL DEVELOPMENT (SEE ATTACHED MAP). SINCE PROP. A WAS APPROVED, THE COMMISSION HAS BEEN WORKING TO IDENTIFY HIGH-PRIORITY CORRIDORS WITH REPRESENTATIVE ROUTES AND MODES IN CORRIDORS NOT SERVED BY METRO RAIL OR THE OTHER PROJECTS MENTIONED. SIX ADDITIONAL HIGH-PRIORITY CORRIDORS ARE NOW BEING ELEVATED FOR OPERATIONAL AND FINANCIAL FEASIBILITY.

LOS ANGELES COUNTY TRANSPORTATION COMMISSION IS COMMITTED TO EXPEDITIOUSLY DEVELOP THE VOTER-APPROVED PROPOSITION A RAIL SYSTEM. HOWEVER, THE SPEED WITH WHICH WE CAN DO SO IS DIRECTLY DEPENDENT UPON THE LEVEL OF FEDERAL FUNDING FOR METRO RAIL. WE, THEREFORE, URGE CONGRESS TO APPROPRIATE $150 MILLION IN SECTION 3 FUNDS FOR FY 1986, THEREBY MAKING INITIAL CONSTRUCTION OF THE METRO RAIL PROJECT POSSIBLE.

Transit Development in Los Angeles County


Metro Rail
Light Rail
Busway [Convertible to Rail]
Future Rail Transit Projects
Los Angeles Co.
Ventura Co.
SAN FERNANDO VALLEY FWY
SAN FERNANDO
FOOTHILL FWY
GRANADA HILLS
GOLDEN STATE FWY
LA CRESCENTA
CANOGA PARK
RESEDA
VAN NUYS
NORTH HOLLYWOOD
BURBANK
VENTURA FWY
WOODLAND HILLS
GLENDALE
ALTADENA
PASADENA
SIERRA MADRE
SHERMAN OAKS
STUDIO CITY
HOLLYWOOD FWY
MONROVIA
DUARTE
ARCADIA
TOPANGA
HOLLYWOOD
GLENDALE FWY
HIGHLAND PARK
SOUTH PASADENA
TEMPLE CITY
BALDWIN PARK
PASADENA FWY
ALHAMBRA
BEVERLY HILLS
SAN DIEGO FWY
WESTWOOD
ROSEMEAD
EL MONTE
CENTURY CITY
MONTEREY PARK
SANTA MONICA
SANTA MONICA FWY
CBD
POMONA FWY
SAN GABRIEL RIVER FWY
CULVER CITY
LA PUENTE
LOS ANGELES
MONTEBELLO
MARINA FWY
HUNTINGTON PARK
BELL
PICO RIVERA
WHITTIER
INGLEWOOD
SOUTH GATE
LAX
DOWNEY
NORWALK
EL SEGUNDO
LYNWOOD
HAWTHORNE
COMPTON
LA MIRADA
Los Angeles Co.
Orange Co.
BELLFLOWER
GARDENA
ARTESIA
ARTESIA
LAWNDALE
LAKEWOOD
CARSON
TORRANCE
ANAHEIM
SAN DIEGO FWY
SIGNAL HILL
LONG BEACH
PALOS VERDES PENINSULA
GARDEN GROVE FWY
SAN PEDRO
LACTC

STATEMENT OF NICK PATSAOURAS

Mr. Chairman. Members of the Subcommittee. My name is Nick Patsaouras and I am President of the Board of Directors of the Southern California Rapid Transit District. I would like to describe the tremendous transportation challenges facing the Los Angeles area and the actions that our community has taken to address these challenges.

Before I begin, let me say that I feel that Los Angeles has been very responsive to the Subcommittee's request to scale back the federal funding share of the Metro Rail Project. In fact, for MOS-1, the initial construction segment of Metro Rail, non-Section 3 sources will provide 52% of the total cost. The SCRTD completed all environmental documents relative to MOS-1 in November, 1984, and the engineering and design of the system are so advanced that construction can begin within 60 days of a federal funding decision.

I might add that the Congress has consistently supported Metro Rail, approving, so far, more than $305 million for the engineering and construction of the project. In fact, the House of Representatives approved Metro Rail funding by a vote of more than two to one -- 280 yeas to 139 nays. From state, federal and local sources the SCRTD has already received and obligated more than $345 million. Clearly, Metro Rail should be considered a project in motion.

In this vein, I respectfully urge the Subcommittee to earmark $150 million from the current appropriation to begin construction of this vitally needed project. I also ask the Subcommittee's help in receiving prior year Congressionally earmarked funds which have not yet been released by the Urban Mass Transportation Administration.

THE LOS ANGELES REGION

Los Angeles is the second largest and the second most densely populated urbanized area in the United States. It is by far the largest urbanized area in the Western World that does not have a rail rapid transit system. Over the decade of 1970 to 1980, this area grew by more than 1.5 million persons, and along with Miami, was one of only two major metropolitan areas in the top 20 that increased both in population and population density.

Today, the Los Angeles urbanized area has a population greater than 41 states and by the year 2000, projections indicate that Los Angeles will grow by an additional 2 to 3.5 million people. Said another way, in 15 years, the population increase in Los Angeles will be equivalent to at least the size of Baltimore and perhaps the entire urbanized area of Houston.

The SCRTD is the third largest transit system in the country and, with more than 2600 active buses, clearly the largest all-bus system in North America. Transit service is provided over more than 220 individual bus routes within a 2,200 square mile area.

The current ridership of 1.7 million passengers per day represents an increase of almost 600,000 riders per day over the past 3 years. This increase alone totals more than twice the number of passengers that Houston carries on its bus system and 100,000 more riders than Atlanta carries on its combined bus/rail system.

Many SCRTD lines operate at 140% of capacity. For example, the lines in the Wilshire Boulevard corridor, which will be directly served by Metro Rail, carry more than 200,000 daily boardings. This ridership level exceeds that of most individual rail lines in the United States and is equal to the ridership of the entire 71-mile BART system.

During the peak hours from six to eight A.M., more than 45% of all trips into the Los Angeles central business district (CBD) are by public transit vehicles. It will be difficult to maintain this mode split in the face of the additional 15-20 million square feet of office space scheduled for completion by 1990. Firms utilizing this space are expected to provide employment for an additional 120,000 persons who will enter and leave the downtown area each day. Without Metro Rail, the resulting increase of cars on surface streets could paralyze traffic flow through the gridlock of autos at intersections during rush hours. Los Angeles is already beginning to experience this phenomenon -- additional buses would simply make a bad problem worse.

Metro Rail will run from Union Station through the Los Angeles Central Business District, along Wilshire Boulevard to Fairfax Avenue, then turn north through Hollywood and then under the Santa Monica Mountains to North Hollywood. It will link the more than 3,000,000 residents and high-density activity centers of the Los Angeles Basin with the 2,000,000 citizens of the San Fernando Valley.

In fact, some 268,000 riders a day will travel on Metro Rail when revenue service along the entire 18.6 mile line begins. By the year 2000, Metro Rail patronage is expected to reach 365,000 daily riders.

A total of 63.3 million square feet of commercial floor area presently exists within a quarter-mile of these proposed Metro Rail stations. By the year 2000 an additional 28 to 53.5 million square feet is projected to be developed adjacent to these stations.

Since the system will directly benefit the businesses occupying commercial structures adjacent to the station areas, an assessment will be placed on these businesses to help pay for station construction. At least $170 million, or 5%, of Metro Rail's total cost will result from these benefit assessments.

METRO RAIL FUNDING

The cost of the Metro Rail Project in current dollars is $2.411 billion. However, the Urban Mass Transportation Administration currently requires transit systems to use a seven percent rate of inflation to escalate project costs to the mid-point of construction. With the mid-point of construction in 1987, Metro Rail's escalated cost is $3.309 billion. However, the SCRTD is only requesting funding for MOS-1, the initial construction segment. MOS-1 includes the train storage yards and maintenance shops, as well as the first five stations, and will cost $1.25 billion in escalated dollars.

MINIMUM OPERABLE SEGMENT-1

SOURCE OF FUNDS

1. UMTA Section 3 ($602.9 million)

   While the UMTA Act, as amended, allows the federal government to participate in up to 75% of the cost of rapid transit construction, the SCRTD has developed a financial program which anticipates only a 48% participation by UMTA through Section 3. Under this plan, the District's Section 3 grant application for MOS-1 will request $602.9 million.

   In addition to the proposed UMTA Section 3 share, the District's financial plan anticipates funding from five additional sources, including the private sector. This broad-based plan is evidence that the Metro Rail Project possesses wide political and community consensus and support.

2. State of California ($214 million)

   State participation in the Metro Rail Project will be funded through the State Guideway Program. The State's $400 million commitment to the Metro Rail Project, of which $214 million will be used for MOS-1, has already been made by the California Transportation Commission, exercising its responsibility for allocation of State transportation funds.

3. Los Angeles County Transportation Commission ($176.6 million)
   LACTC funding for the Metro Rail Project will be primarily from a half-cent sales tax in Los Angeles County approved as a county-wide ballot measure known as Proposition A. From this local tax, a stable, predictable source of funding is available for rail transit construction.

4. Local/Private ($130.3 million)
   This source of revenue is derived from special benefit assessment districts to be implemented by the SCRTD. These powers were given to the District under State legislation passed October 1, 1983.

   The process of creating the assessment districts is already underway and the SCRTD will issue bonds against the anticipated annual revenues. The bond proceeds will raise an anticipated 5% of the total cost of construction of the Project.

5. UMTA Section 9 ($92.1 million)
   Within Los Angeles County, the Los Angeles County Transportation Commission (LACTC) allocates funding among the transit operators based upon formula factors of revenue vehicle miles, total vehicle miles and total ridership. Seven percent of Metro Rail's construction cost is projected to be provided from this funding source, approximately one-third of the total Section 9 revenue available to the SCRTD.

6. City of Los Angeles ($34 million)

The primary source of funds available to the City of Los Angeles for rapid transit is the local return portion of Proposition A. The District's funding plan requires a commitment of approximately one-fourth of the City's Proposition A revenues.

The construction of Metro Rail will induce considerable operational savings. For instance, using 1983 dollars for comparison, on a cost-per-passenger basis transporting passengers on Metro Rail will cost less than 50 percent of what it would cost to transport those same passengers by bus.

CONCLUSION

The case for building the Los Angeles Metro Rail Project is indeed compelling, yet Los Angeles remains at least 15 years behind other cities in transit development.

In November, 1980, the citizens of Los Angeles recognized this problem when they voted to tax themselves to build a 150-mile rail rapid transit system for which Metro Rail will be the high-capacity starter line. The strength of this local support is further demonstrated by the higher than required local contribution to the cost of the project. Fifty-two percent of the cost of Metro Rail MOS-1 will come from sources other than Section 3 (compared to 25 percent required by the Surface Transportation Assistance Act).

Nonetheless, it is clear that the current annual allocation of $400 million is not sufficient to address the needs of every city asking for new start funds. I urge the Subcommittee to give priority consideration to those new start projects, such as Los Angeles, which are in an advanced stage of construction-readiness and meet high cost-effectiveness standards and objective criteria.

Once again, I ask the Subcommittee to earmark $150 million for Metro Rail from the current appropriation, and ask the Subcommittee's help in receiving prior year Congressionally earmarked funds in order to begin construction on this vitally needed project.

Thank you.

STATEMENT OF WILLIAM ROBERTSON, EXECUTIVE SECRETARY, LOS ANGELES COUNTY FEDERATION OF LABOR, AFL-CIO

Mr. ROBERTSON. Thank you, Mayor, and thank you, Mr. Chairman. We appreciate the audience here today. I have listened intently to the testimony, and I am going to make a real effort not to be repetitious on testimony which has been given. And surely I must admit that we in the labor movement in Los Angeles County have a real parochial interest in this project. At the peak of construction it will mean 5,000 jobs, badly needed jobs in Los Angeles County.

But beyond that, the labor movement has long been strong advocates of adequate transportation for the Los Angeles area. We see what is happening when we have inclement weather in Los Angeles County: we have real gridlock. And without bad weather, we see a few years down the line where we are going to have perpetual gridlock. And it is essential that we get started on the Metro Rail project.

And you have heard testimony here about how the community in Los Angeles has already supported through the ballot this project, and I believe that we have the support of the community, we certainly have the support of the civic leaders and the elected officials in that community.

The Mayor mentioned about the bus usage of 1.7 million ridership a day. That has been a dramatic increase in the last 10 years of 230 percent, and it is going to increase more. We recognize there are transportation problems throughout the Nation, but we do not recognize anyone that has a more crucial problem than we have in Los Angeles.

The Mayor mentioned about the potential for real world trade with the Pacific basin, and of course Los Angeles will be the key city to that Pacific basin, comparable to that of New York City serving Europe and those other countries across the Atlantic.

And we have a real need here, and we respectfully ask we have our need serviced, and that need is basically $100 million to get this project started. Once that is started, we know that it will be completed and will alleviate the brutal conditions which exist on our freeways and our surface streets in Los Angeles County.

Thank you very much.

Senator ANDREWS. Thank you very much.

[The statement follows:]

STATEMENT OF WILLIAM ROBERTSON

Mr. Chairman, members of the subcommittee, my name is William Robertson and I am executive secretary of the Los Angeles County Federation of Labor, AFL-CIO. Thank you for the opportunity to appear before you on behalf of the Metro Rail project.

With a 1980 urbanized area population of 9.4 million, the Los Angeles urbanized area is more populous than 41 States, and forecasts indicate a population increase of another 2 to 3 million by the year 2000. Metro Rail will link many of the densest population and employment centers within this region.

More than 1.7 million passengers already ride Southern California Rapid Transit District buses each workday, a 230-percent increase over the last 10 years. However, heavily congested surface streets and freeways simply cannot accommodate current, much less anticipated, transportation demand.

Metro Rail is the central component of the rail rapid transit system approved by Los Angeles County voters in response to this ever-increasing demand for public transportation. Clearly, the AFL-CIO has an interest in seeing that current and future employees in the Los Angeles area are able to reach their jobs. Metro Rail, with a capacity equivalent to three 8-lane freeways, will help to ensure the future mobility of the Los Angeles work force.

Furthermore, Federal policies which reduce transit programs and promote an ever-increasing dependence on automobiles are misguided. Without an adequate public transportation network, clean air and freedom from volatile sources of foreign oil become impossible goals. Employees must be provided a fast and efficient alternative to commuting by automobile, and Metro Rail is the absolutely necessary next step in promoting this alternative in Los Angeles.

Thank you.

STATEMENT OF RAY REMY, PRESIDENT, GREATER LOS ANGELES CHAMBER OF COMMERCE

Senator ANDREWS. Mr. Mayor.

Mayor BRADLEY. The next speaker is Ray Remy, who is the president of the Greater Los Angeles Chamber of Commerce.

Mr. REMY. Mr. Chairman, thank you for the opportunity of appearing before you and your interest and concern about our region.

Our chamber represents 3,500 businesses and associate members throughout the Los Angeles area, including a five-country region. We place mass transit and the Metro Rail project as one of the highest priorities of the business community in Los Angeles. We feel that it is absolutely essential for our community.

We have an area, as pointed out by Senator Wilson, that is going to add a city the size of Houston, TX, to our region in the next 15 years. There are no further plans for expansion of a freeway system. The existing infrastructure will have to take care of a population of that size, provide the mobility, provide the economic potential in jobs. Without it, our city and our region is going to be in very serious shape.

We believe that Los Angeles should have the same opportunity as every community in this Nation to compete for the limited mass transit funds that are available. We think that new starts is a legitimate opportunity to compete, and we think project selection should be done on the basis of merit and not on a straight formula basis.

We believe that $150 million is clearly an essential figure for us to keep the commitment of both State and local sources to initiate this project.

Mr. Chairman, thank you very much for the opportunity to be here.

Senator ANDREWS. Thank you, very much.

[The statement follows:]

STATEMENT OF RAY REMY

My name is Ray Remy, and I serve as president of the Los Angeles Area Chamber of Commerce. Our chamber covers a five-county area, and represents 3,500 business and associate members.

Our chamber has identified mass transportation as one of the critical issues facing the southern California area, and has strongly supported a comprehensive 150-mile public transportation system for Los Angeles.

For over a decade, the Los Angeles business community has supported and worked for the construction of a rapid rail transit system in Los Angeles, of both heavy and light rail. The central component of this comprehensive system is the Metro Rail project, which is absolutely essential to meet the mobility demands of our rapidly growing population.

With nearly 10 million people, the Los Angeles urbanized area is more populous than 41 States. Further, our growth rate has been approximately 1.7 times that of the United States as a whole. In fact, over the next 15 years, Los Angeles will have to provide expanded transportation facilities and job opportunities to serve a population increase equivalent to the current population of Houston.

Growth of this magnitude will place an enormous demand on our already overburdened transportation network.

Some have questioned whether Los Angeles has the centralization and density to support a heavy rail system. During the peak hours—from 6 to 8 in the morning—more than 45 percent of all the trips into the central business district are presently being carried by public transit vehicles. Maintenance of this level of transit ridership, in the midst of the tremendous commercial and residential growth already underway in the downtown area, would require the addition of hundreds of buses to serve a population on streets and freeways that are already extremely congested. Our view is that the increase in congestion would virtually paralyze our traffic flow, and create major gridlock.

It has been widely recognized that the Los Angeles project has been determined to be the most cost effective and best project in the United States for a new rail start. Virtually all of our planning in Los Angeles is built around the fact that this system will be the backbone of the broader transportation program. We fully recognize the need for making a greater local contribution to the financing of this system than has been asked of other major communities in the United States. We are prepared to recognize the need to cut Federal assistance, and to shoulder more of the burden locally. To that end, Los Angeles has agreed to a lower Federal matching fund requirement, than has been given to other communities in the last 10 years. In addition, we have adopted a sales tax program to provide additional local moneys to support the system. We also have supported the program in which the business community would be providing some $170 million of funds to assist in the Metro Rail construction.

We, in the business community, are particularly distressed with the proposed policy at the Federal level, which would eliminate our ability to even compete for the limited capital funds that are available from the Urban Mass Transportation Administration. We find that it is intolerable, that our community which has been judged to have the Nation's best mass transit project, may very well be precluded by policy from competing openly for the capital moneys that are available to other communities in the United States.

New rail starts are as much needed as rail modernization, and other systems expansion. We feel that each should be viewed on its merits, and should be able to compete fairly for the moneys that are set aside on a national basis.

State and local funding sources, as well as the business community's commitment to the project, are obviously contingent upon receiving favorable recognition at the Federal level, and a reasonable level of funding which would enable us to initiate the project.

Metro Rail is the backbone of the integrated multimodal transportation network, which has been supported and approved by the voters on both the State and local levels. Construction of the starter line for the entire system is critical to fulfilling our goal of having adequate public transportation in Los Angeles. The business community urges your support for a fiscal year 1986 appropriation of $150 million for the Metro Rail project, and support for the concept that new rail starts should be able to compete with all other capital projects for the limited Federal funds.

Thank you.

USE OF REQUESTED FUNDS

Senator ANDREWS. Mr. Mayor, one question. How would you use the $150 million that you are requesting? Would you put together a finite portion of this project that could indeed and in fact be used?

Mayor BRADLEY. Yes, sir; absolutely, sir. We have already had our first 2-year appropriations, part of which has been held up and not been able to be sent for construction. That would be used. In addition, we are asking for $150 million in the third-year appropriation. That would give us a real chance to build this first 4½ miles of that system. The total amount of the first 4½ miles will be $600 million. We can make that start and, we are confident, make the ultimate total construction of 18.6 miles a reality.

I do not know if Nick Patsaouras, who is the president of the Rapid Transit District wants to add any specifics to that. He is here merely to respond to your question, as is Mrs. Jacki Bacharach, who is chairperson of our Los Angeles County Transportation Commission.

Senator ANDREWS. Thank you very much, Mr. Mayor. We appreciate that testimony. Our time has expired, unfortunately, and we are going to have a lot of people who are from out of town because this hearing has to conclude at 12 o'clock. They are going to have to either stay over, or we are going to bid for 2-minute speeches.

We appreciate your presentation.

Mayor BRADLEY. Thank you, Mr. Chairman.

CONGRESSIONAL WITNESSES

STATEMENT OF HON. BOBBI FIEDLER, U.S. REPRESENTATIVE FROM CALIFORNIA

Senator ANDREWS. Our next witness is Representative Bobbi Fiedler.

Let me assure you that your entire statement will appear in the record as though it is uttered in its every word, and you can summarize any way you want.

Ms. FIEDLER. Mr. Chairman, I would like to thank the subcommittee for allowing me the time again this year to express my opposition to the proposed Wilshire corridor subway in Los Angeles.

Three years ago I came before the subcommittee, a lone voice in the wilderness. A lot has happened in those 3 years, virtually all of it proving my case that this turkey should not be built.

I am no longer the lone voice of opposition to this project. On the table here in this folder are letters that I have received in just the past few weeks of people in our community who oppose this project. They all express opposition to the project, including, I might add, there were 6,000 letters of opposition sent to the President of the United States on this project as well, people who oppose it.

Furthermore, last month the voters of Los Angeles in their first opportunity to vote directly on the issue of the subway rejected a proposal to tax homeowners for the project by a margin of some 73 percent. I feel confident that they would have rejected the entire project if anyone in Los Angeles who was in elective authority would have had the courage to give them the opportunity to vote directly on this Cadillac system.

And just last week, Governor Deukmejian joined the chorus, stating that he agreed with OMB Director Stockman's assessment of the Metro Rail project as economically dangerous, and believed that the project should be scrapped. And I have here a headline in the Daily News that says "Governor Says Dump Metro Rail." So indeed, I am not alone. There are people in very high places who are beginning to agree with me.

In the last 3 years this subcommittee has been treated to the lobbying efforts of some of America's richest corporations, trying to push this project. Well, let me tell the subcommittee how this project is going to rob some of the poorest in my community.

Part of the local funds that the subway lobby of Los Angeles proposes to make up the local match will be coming right out of the pockets of the handicapped, the students, the elderly, and those most in need of transit. Thirty-five cents of every ride starting this July will be diverted into the subway so that the rich corporations can develop their own property. Instead of keeping existing fares low for buses, they are playing reverse Robin Hood for their own gain.

When I first came to you 3 years ago, the costs per mile on this project had just been increased from $100 million per mile to $200 million per mile. Now the costs are at $250 million per mile for the first 4 miles. That means the full 18.6 miles could cost a whopping $4.7 billion. With competing interests for transit dollars, it will take over 30 years to build. Clearly, in my opinion, the time to stop this project is now.

Also, 3 years ago I pointed out to the subcommittee that the ridership estimates were inflated beyond belief. The Office of Management and Budget has now looked at these estimates and agrees with me. In fact, the Los Angeles Times in an independent investigation, has shown that the real ridership would, just as it has in Miami, be a mere fraction of what the RTD claims. So the costs are going up, and the ridership is going down.

But if the subcommittee needs more evidence, they should consider the RTD's own environmental impact statement where they state, and I quote, "None of the project alternatives would be considered cost efficient on a per-passenger basis." In fact, it would be cheaper to buy a new Cadillac for every rider that the RTD projects will ride this project.

There are other considerations here as well. We could well be saving lives by refusing to build this subway. A little over a month ago 22 people were injured in Los Angeles when methane gas from a capped oil well exploded in an area one block off the proposed subway route. I would ask that two articles describing the situation be inserted in the record.

The Department of Interior has identified 800 of these capped wells along the proposed subway route. The RTD tries to pass off this danger as one which they can handle. Quite frankly, Mr. Chairman, as the only entity to lose money during last year's Olympics, I think we should be very wary of the claims. And I would like to show the chairman a copy of a Department of Interior map which identifies the capped oil wells, and the yellow line represents the route of the subway. As you can see, there are numerous capped oil wells underground with very lethal methane gas which was responsible for the explosion a few weeks ago and significant injury to individuals, that I believe are of great risk to the public safety and should be seriously considered before going forward with this project.

Finally, Mr. Chairman, OMB has taken a detailed look at the Los Angeles proposal. They have done what UMTA should have done. They went beyond the fancy brochures to the facts. The facts scream out that this system must not be built.

Further, our own General Accounting Office has studied mass transit across the country and concluded that the RTD is not a cost-effective system compared with other systems. It does not take much to assume that their operation of this proposed subway system would not be cost effective.

Our citizens by a vote of 73 percent just less than a month ago have said no to this subway. Our radio and television stations have said no, and I have brought some of their editorials with me to be included in the record as well. The professionals in mass transit have said no. The Office of Management and Budget has said no. There is time for the subcommittee, please, to say no to this project.

I just want to show the committee also a series of editorials which have been written, a large series of them, by television stations in the city of Los Angeles who also believe that this project is not something which will benefit the people of our city. Instead, it will drain valuable transit resources from those who are most in need.

Senator ANDREWS. Thank you very much, Congresswoman. We appreciate your statement.

[The statement follows:]

STATEMENT OF REPRESENTATIVE FIEDLER

Mr. Chairman, I'd like to thank the Subcommittee for allowing me time again this year to express my opposition to the proposed Wilshire Corridor subway in Los Angeles. Three years ago, I came before this Subcommittee a lone voice in the wilderness. A lot has happened in those three years, virtually all of it proving my case that this "turkey" should not be built.

I am no longer the lone voice of opposition to this project. On the table are letters sent within just the last couple of weeks to the President and our state senators. They all express opposition to this project. Furthermore, last month the voters of Los Angeles, in their first opportunity to vote directly on the issue of the subway, rejected a proposal to tax homeowners for the project, by a margin of 73 percent. I feel confident that they would further reject the entire plan if given that opportunity. Just last week, Governor Deukmejian joined the chorus, as well, stating that he agreed with OMB Director Stockman's assessment of the Metro Rail project as "economically dangerous" and believed that the project should be scrapped.

For the last three years, this Subcommittee has been treated to the lobbying efforts of some of America's richest corporations trying to push this project. Well, let me tell the Subcommittee how this project is going to rob some of the poorest in my community. Part of the local funds that the subway lobby of Los Angeles proposes to make up the local match will be coming right out of the pockets of the handicapped, the students, the elderly and those most in need of transit. Thirty-five cents of every ride, starting this July, will be diverted into the subway so that the rich corporations can develop their own property. Instead of keeping existing fares low, they're playing reverse Robin Hood for their own gain.

When I first came to you three years ago, the cost per mile on this project had just been increased from $100 million per mile to $200 million per mile. Now the costs are at $250 million per mile for the first 4.4 miles. That means the full 18.6 miles will cost $4.7 billion, and with competing interests for transit dollars, it will take over 30 years to build.

Also, three years ago, I pointed out to the Subcommittee that the ridership estimates were inflated beyond belief. The Office of Management and Budget has now looked at those estimates and agrees with me. In fact, the Los Angeles Times, in an independent investigation which I would like to submit for the record, has shown that the real ridership would, just as it has in Miami, be a mere fraction of what the R.T.D. claims. So, the costs are going up and the ridership is going down.

Clearly the time to stop the project is now.

But if the Subcommittee needs more evidence, they should consider the R.T.D.'s own Environmental Impact Statement where they state,"..none of the Project alternatives would be considered cost-efficient on a per passenger basis." In fact, it would be cheaper to buy a new Cadillac for every rider that the R.T.D. projects.

There are other considerations here as well. We could well be saving lives by refusing to build this subway. A little over a month ago, 22 people were injured in Los Angeles when methane gas from a capped oil well exploded in an area one block off the proposed subway route. The Department of the Interior has identified 800 of these capped wells along the proposed subway route. The R.T.D. tries to pass off this danger as one which they can handle. Quite frankly, Mr. Chairman, as the only entity to lose money during last year's Olympics, I think we should be very wary of their claims.

Their E.I.S. passes off this potential hazard with one sentence. When the inevitable explosion occurs and lives are lost, I am sure that the taxpayers will pick up the bill for the resulting lawsuits, and that bill will be staggering.

Finally, Mr. Chairman, O.M.B. has taken a detailed look at the Los Angeles proposal. They have done what U.M.T.A. should have done. They went beyond the fancy brochures to the facts. And the facts scream out that this system must not be built. Further, our own General Accounting Office has studied mass transit across the country and concluded that the R.T.D. is not a cost-effective system compared with other cities. It doesn't take much to assume that their operation of their proposed subway would be any more cost-effective.

Our citizens have said no to this subway. Our radio and television stations have said no, and I have brought some of their editorials for inclusion in the record. The professionals in mass transit have said no. The Office of Management and Budget has said no. It's time for this Subcommittee to say no.

STATEMENT OF HON. JOHN GLENN, U.S. SENATOR FROM OHIO

Senator ANDREWS. Next we have our colleague, Senator Glenn, who will introduce an Ohio delegation.

Senator, it is good to have you here.

Senator GLENN. Thank you very much.

Senator ANDREWS. We appreciate you taking the time to testify and to introduce your colleagues.

Senator GLENN. Thank you very much, Mr. Chairman, for allowing me to appear before the subcommittee this morning. I know you and the other members of the committee are busy, so let me come right to the point.

I have come here on behalf of Ohio, my State, to ask for your support in helping Ohio obtain its fair share. That is all we are talking about is a fair share of discretionary interstate substitution funding in fiscal year 1986.

To help you and the other members of the subcommittee understand why we in Ohio are so concerned about this matter, let me very briefly recount what has happened to our State since we agreed to participate in the Interstate Substitution Program by 1979.

At that time Ohio decided that the program, which we were assured would help fund a combination of highway and mass transit projects, would better serve the public interest in the alternative, which was the construction of a 7.9-mile segment of Interstate Route 490 in northeastern Ohio, 7.9 miles.

Mr. Chairman, that was 6 long years ago. Since then, Mr. Chairman, Ohio has received less than half of the highway funds and only 25 percent of the transit funds to which we are entitled. Let me add that these sorry figures include all the moneys, everything, the whole works, released to Ohio through the passage of the interstate substitute cost estimate earlier this year.

I fully realize that the demand for transportation funds far, far exceeds the amount of money available. I think it should be emphasized that Ohio has received only $12½ million in discretionary highway funds over the entire life of the Interstate Substitution Program. I think you can understand that unless the situation changes and unless we begin to receive our fair share relative to other States, then the very cooperative spirit on which this program depends cannot help be eroded or even erased.

Now, to keep that from happening, and to correct the disparity that currently exists, and to help our State in its effort to complete a safe and efficient highway network, I have come before the committee to ask that Ohio receive $70 million in discretionary funding in the next fiscal year. I do not ask you to take my word on this subject. In fact, I have taken the liberty of inviting two expert witnesses here this morning, witnesses who are prepared to give the committee information, both on specific Ohio transportation projects and on the implications for our State of any further delay.

From the Greater Cleveland Growth Association we have with us this morning Mr. Eugene Kramer, and from Northeast Ohio Areawide Coordinating Agency we have its director of transportation, Mr. Frank Sherkow. I know both of these men. I know they will provide compelling testimony to the committee, and I hope their words will be heeded as well as heard.

Finally, Mr. Chairman, let me close my brief remarks by saying I regard the Federal commitment to interstate subcommittee projects not only as important but every bit as vital to the national interest as the final completion of our interstate highway system. I also regard it as vital to the Federal Government to keep its word and keep its commitment.

Six years ago the State of Ohio decided to participate in the program because we believed our Federal Government. We believed that we would receive a certain amount of assistance if we did. Fairness and morality alike demand that we keep that commitment. So I ask the committee's prompt consideration of the request. I hope you will not disappoint us.

Thank you very much.

Senator ANDREWS. Thank you very much, Senator.

Do your people have statements for the record?

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY

STATEMENT OF FRANK SHERKOW, DIRECTOR OF TRANSPORTATION

Mr. SHERKOW. Mr. Chairman, my name is Frank Sherkow. I am the transportation director for the Metropolitan Planning Organization both owned by and advocating the interests of the 2.2 million people all residing within the 172 jurisdictions of general purpose local governments within the five-county northeast Ohio area that includes the counties of Cuyahoga, Geauga, Lake, Lorain, and Medina.

Senator ANDREWS. Let me ask you, are you going to summarize, because it is all in the record and we simply do not have the time.

Mr. SHERKOW. Excuse me.

Senator ANDREWS. Others preceding you, has pushed us into this. Immediately following you I am going to ask if anyone wants to testify for 2 minutes, with the idea that all of your testimony will appear in the record as though it is given; but it is simply not fair to people who have flown in to ask them to stay another day, because at 12 o'clock we have to stop. We are now about nine witnesses short already, and many of you are not going to be able or do not want to really stay over until tomorrow.

Mr. SHERKOW. I apologize, Mr. Chairman.

Senator ANDREWS. So if you can summarize—it is not your fault.

Mr. SHERKOW. To this point we are looking right now at cost estimates for the substitution program that are three times greater than the total that Ohio gets by apportionment. We have given up interstate construction programs of somewhere around $230 million, and we have received approximately 42 percent on the highway side of that total amount, and only about 27 percent on the transit.

We are asking for your help and your cooperation in this program. We brought along for demonstration some of the bits and pieces from our crumbling infrastructure, the salt and the water that are eroding our roads in northeast Ohio. A transit program is as compelling, and we ask for your interest and cooperation in furthering these projects and getting our interstate substitution program going.

GREATER CLEVELAND GROWTH ASSOCIATION AND POLICY COMMITTEE OF COMMUNITY CAPITAL INVESTMENT STRATEGY

STATEMENT OF EUGENE KRAMER, ESQ., SQUIRE, SANDERS & DEMPSEY

Mr. KRAMER. Mr. Chairman, my name is Eugene Kramer. I am partner in the Cleveland office of Squire, Sanders & Dempsey. I am here representing the Greater Cleveland Growth Association and the policy committee of the Community Capital Investment Strategy.

I just want to emphasize in my role the importance of the public and private partnership, the cooperation that is represented in the Greater Cleveland area, and the support that this request for the portion—only a portion, I emphasize—of the interstate transfer funds to which Ohio and the Greater Cleveland area are entitled for urgently needed projects in the Greater Cleveland area.

We are not talking about any grandiose projects. We are talking about things that can be done promptly that are necessary for providing a safe and efficient means of transportation. These are projects needed for people to get to their places of employment, to get to their work, to hospitals, to schools, and other places of importance in their daily lives.

We also want to emphasize that from the private sector the taxpayers of Ohio in the Cleveland area have been more than doing their part. We get $63 million a year from the 1-percent sales tax that is levied for mass transit purposes just in the Greater Cleveland area. Over the years since the interstate system was initiated in 1956, taxpayers have contributed over $1 billion more to the highway trust fund than we have received. With the understanding that we have been treated fairly by Congress and the Department of Transportation, what we are asking for is what we believe is fair, and what we are entitled to, and what is urgently needed in the Cleveland area.

We thank Senator Glenn for his support, and thank you, Mr. Chairman, for your attention.

Senator ANDREWS. Thank you very much. We appreciate your testimony.

Now, before we embark on bidding for people who want to nominate themselves by getting out of here by noon, let me point out that our subcommittee has had requests from a number of organizations to be heard on transportation issues. We want to hear you all, but it does not do you a bit of good to read a prepared statement, because that prepared statement is in its entirety going to be in the record. You are much better off summarizing it, and you give the committee a chance to ask some questions to make a much more complete record, which is better for you.

Joseph Pulitzer, I remember, offered the following advice on writing to editorial writers, columnists, and reporters. Pulitzer said, and I quote, "Put it before them briefly so they will read it, clearly so they will appreciate it, picturesquely so they will remember it, and above all, accurately so they will be guided by its light."

The first subcommittee chairman on appropriations I served under was a fellow from Brooklyn by the name of John Rooney, who 20 years ago told me that when I was a fairly newly hatched member of the Appropriations Committee, when outside witnesses come in, he said the amount of money granted to their cause is in inverse ratio to the amount of time they take to express it.

So having passed on that word of advice from the past, let me ask, because I know it is going to be inconvenient for many of you who have been held up through no fault of your own, if anyone has to get out of here by noon and will be inconvenienced by having to come back tomorrow or the next day, I would be glad to accept—we will set the time clock at 2 minutes and assure you that your entire statement will be in the record as though uttered in its every word. If you can get on and off before the red light, we will accommodate as many of you as want to be accommodated so that you do not get into any trouble based on what has happened before.

Yes; come forward and identify yourself.

ATLANTIC EMERGENCY MEDICAL SERVICES COUNCIL

STATEMENT OF HARRY TETER, JR., DIRECTOR

Mr. TETER. Senator, we appreciate this. I am Harry Teter. I am director of the Atlantic Emergency Medical Services Council. With me is Susan McHenry, who is representing the National Association of State Emergency Medical Services Directors.

Senator ANDREWS. Thank you.

Mr. TETER. We have both given statements in the record. I will let Ms. McHenry speak for the both of us, and we will be gone in 2 minutes.

Senator ANDREWS. Thank you.

[The statement follows:]

STATEMENT OF HARRY TETER, JR.

Mr. Chairman, Members of the Committee, I am Harry Teter, Jr., director of the Atlantic Emergency Medical Services Council, and director of the National Coalition for Emergency Medical Services. The Atlantic EMS Council members are the Emergency Medical Services (EMS) directors of the following states: New Jersey, Pennsylvania, Delaware, Maryland, the District of Columbia, Virginia, and West Virginia. Its purpose is to promote the development and implementation of EMS throughout the Atlantic region. The goal of the Coalition is to advocate for greater awareness of EMS throughout the nation. On behalf of the Atlantic Council I am pleased to have the opportunity to appear before you today and testify on the appropriations for the Department of Transportation's National Highway Traffic Safety Administration's fiscal year 1986 budget.

For many years we have worked closely with the National Highway Traffic Safety Administration (NHTSA) and were extremely pleased when in 1981 it made EMS one of its highest priorities.

Today we come before you to request that:

(1) NHTSA receive its full authorized appropriations,

(2) Fifteen percent (15%) of the funds appropriated to the 402 or the 403 program of NHTSA be earmarked for EMS,

(3) The Federal Interagency Council for EMS be reestablished to coordinate all federal EMS funding and other activities, and,

(4) Funds be made specifically available either through the 402 or the 403 program for multi-state regional councils tc establish trauma registries for on-going evaluation of EMS.

Let me elaborabe on each of these recommendations based on the past progress and present needs of the EMS community and the people they serve.

This country is still battling trauma. Victims of trauma are all ages. It is still the third greatest killer of all Americans and the leading cause of death for our young people. Recently the

Study Center for Trauma and EMS in Baltimore reported that the incidents of trauma are on the rise. Despite this fact more people are being saved, are receiving better care, and are returning to productive lives because they have an EMS system rescuing and helping them. But these systems need financial support to continue, and in certain places to develop. They require equipment and trained manpower to care for trauma victims from the scene of an accident through delivery at the proper medical facility. User fees and state and local subsidies are not enough. If we do not have federal involvement and federal funds our systems will deteriorate.

Last year Congress stated that 13% of the 402 funds should be used for EMS. We ask that this year the percentage be raised to 15% and that it be mandated by a specific earmark for EMS.

Resources from a variety of federal agencies are needed to win this battle. The Federal Emergency Management Agency has a mandate to develop and implement a national disaster preparedness plan. It cannot be successful if there is only limited EMS capability in the country.

Similarly, the Department of Health and Human Services still funds some EMS activities through its Preventive Health Services Block Grant. But there is still no program leadership to coordinate resource utilization and dissemination of knowledge.

DOT should take the leadership in this and restore the major federal initiative for EMS. We are indeed fortunate in having Miss Diane Steed as Administrator of NHTSA. She and her excellent staff have shown great interest in EMS and are committed to providing resources for the improvement of trauma care delivery. This enthusiasm coupled with adequate resources would effectively provide EMS coordination efforts with the needed "shot in the arm".

Finally we need regional trauma registries. These could be funded with either 402 or 403 dollars. These projects should be implemented on a multi-state, regional level and should be ongoing to allow more meaningful evaluation. This would provide a greater means of sharing information and of treating the trauma victim.

EMS has proved itself. It saves lives. It returns victims of trauma to productive lives. This is a dramatic turnabout from 15 years ago when atleast 80% of the victims of trauma died or were permanently wards of their families or the state. But we could so easily slip back to those days if we are not vigilant. If we don't allocate proper resources - money and manpower - we will regress. More will die and others will survive only to have unproductive lives and be dependent on others. This need not happen. It will not if you help in providing the above requests. Dollars for EMS will go to better training for those who respond on the scene of an accident. Dollars will go for upgrading equipment which is vital in the treatment of the trauma victim. Dollars will be used to administer these services, coordinating all the components that begin with the call that an accident has happened through the delivery of the victim who has now become a patient. Each step is vital to the survival of the accident victim, the trauma victim. Each step needs resources and that is what we are requesting today.

We appreciate your attention and support of this vital, lifesaving, service.

NATIONAL ASSOCIATION OF STATE EMERGENCY MEDICAL SERVICES DIRECTORS

STATEMENT OF SUSAN McHENRY

Ms. McHENRY. Mr. Chairman and members of the committee, as Mr. Teter said, I am Susan McHenry. I am not only representing the National Association of Emergency Medical Services Directors, but also serve as the director of Emergency Medical Centers in the Commonwealth of Virginia just to the south of us.

I would like to urge your continued support for emergency medical services and highway safety funding. We have received a great deal of support from them in the past and have enjoyed a mutually cooperative relationship with them for the benefit of saving the lives of our citizens in this country.

We see this as an extremely important cooperative effort. We would like to emphasize to you that we appreciate the effort that was taken by both the Senate and the House last year in emphasizing support for our emergency medical services funding and highway safety program without having to earmark dollars.

We have seen some improvement in the level of funding at this point, and we are not ready to ask for you to earmark funding for EMS in highway safety until we see if your efforts of last year have paid off. We are willing to work with you and work with our highway safety Governors' representatives to see that that benefit is as timely as it can be.

We would also urge your continued support of the 403 projects through the National Highway Traffic Administration in terms of the benefit they can provide to the States as well as to the citizens as a whole. There are many projects still to be done, and the most important thing that we see is the need for flexibility in funding so that States can address those areas of their emergency medical services system that need to be refined and improved, so that we can provide the very best patient care possible.

Senator ANDREWS. Thank you very much.

In your mind is there a greater need for EMS money to be directed at rural areas or at urban areas, or are the needs equally great?

Ms. MCHENRY. I would say that probably there is a greater need in the rural areas. The problem in the urban areas is one of trying to coordinate a multiplicity of services and resources. In the rural areas it is more to fill in resources that do not exist.

Senator ANDREWS. Thank you very much. We appreciate your statement. We appreciate your cooperation.

Ms. MCHENRY. Thank you.

[The statement follows:]

STATEMENT OF SUSAN D. MCHENRY

Mr. Chairman and members of the Subcommittee, my name is Susan D. McHenry and I am here today representing the National Association of State Emergency Medical Services Directors. My other role is that of Director of the Division of Emergency Medical Services in Virginia.

The National Association of State Emergency Medical Services Directors is composed of the director of the lead emergency medical services agency in each state, the District of Columbia, and the U.S. territories. Each of these agencies has the responsibility for the development of emergency medical services in their respective state or territory, as well as for licensing and inspecting ambulances, certifying emergency medical services personnel, and other activities related to maintaining minimum standards for prehospital emergency care. As an association, one of our purposes is to ensure continued support for the ongoing development of emergency medical services by working with the federal government. It is in this vein that I want to take the opportunity to present our views on the appropriations for the National Highway Traffic Safety Administration now being considered by the Subcommittee on Transportation and Related Agencies.

Beginning with the Highway Safety Act in 1966, the Department of Transportation has recognized the importance of emergency medical services to highway safety and, over the years, has assumed a much needed leadership role in this area. The early 1970s saw the passage of the Emergency Medical Services Systems Act which heralded a major national effort to improve emergency medical services in this country. This program, administered by the Department of Health and Human Services, supplemented the ongoing work of the Department of Transportation. The changes stemming from this national movement are evident to some degree in virtually every community across this country.

Unfortunately, in recent years, emergency medical services has been pushed into the back seat at the federal level. Why? Trauma continues to be a leading cause of death in this country for those under the age of 40. Of particular concern to the Subcommittee on Transportation and Related Agencies should be the fact that about half of all severe trauma is caused by motor vehicle accidents. A recent study conducted in North Carolina shows that there are over 7,000 cases of severe trauma a year in that state with 47 percent of it resulting from automobile accidents.

While EMS has been identified as a priority highway safety countermeasure and the National Highway Traffic Safety Administration has articulated increased support in this area, one of the major problems has been that this sense of priority and importance has not flowed through to the state program level where the decisions regarding the allocation of 402 funds are made. The priorities of the state highway safety representative in many states have been passenger restraints and drunk driving often to the exclusion of any significant activity in emergency medical services.

The National Association of State EMS Directors was extremely pleased to see the Congress state its intent in the conference reports accompanying the FY 1985 Continuing Resolution for the Department of Transportation that $13.5 million of 402 funds be spent for emergency medical services. Over the past six months my colleagues and I have noticed a change in attitude about spending 402 dollars on EMS. No doubt, this is a direct result of the recent emphasis placed on EMS, and trauma in particular, by this Subcommittee as well as an increased effort on the part of the NHTSA.

Even with this renewed emphasis, it does not appear that the entire $13.5 million of 402 funds intended to be spent for EMS was actually allocated for that purpose. We surveyed our membership the last week of April and found that for FY 1985 an average of 5.5 percent of the 402 funds awarded to a state were being directed to EMS projects. For the 50 states and territories reporting, this amounted to approximately $6.4 million, less than one half of what was intended. Nineteen of the 50 state and territorial EMS directors responding to our survey indicated that they did not receive any 402 funds in FY 1985. Only five of these 19 states formally applied for funding, but in responding to our survey a number of them said they did not apply because they were told informally that monies were not available for EMS projects this year. Almost all of the EMS directors indicated that they would be submitting an application for FY 1986.

It is evident that the intent of the Congress with regard to the allocation of 402 funds for EMS has been only partially met. We recognize that a shift in priorities and attitudes requires time. As I mentioned earlier, we have seen a greater willingness of the governor's highway safety representatives to fund EMS projects. In fact, I have been told by some of my colleagues that their highway safety office has approached them expressing a desire to become involved in funding EMS again.

Consequently, the National Association of State EMS Directors is not asking, at this time, for funds to be earmarked for EMS. We recognize that changes of this nature take time and we believe that it would be best to evaluate the situation in a year before taking a more stringent approach. However, we request that this Subcommittee recommend that language be included in the appropriations bill once again stating the intent that 402 funds be used for EMS.

With regard to the utilization of 402 funds for emergency medical services purposes, there is a need to allow states the flexibility to address their own particular problems and priorities. States and communities within each state are at varying levels of development, and as a result have different needs. Furthermore, most state governments have assumed a strong role in EMS development and have appropriated funds for this purpose. These monies are being applied by states to address critical deficiencies. To be effective and useful, federal funds must be available to supplement state funds and to fill in the gaps. It is no longer appropriate to restrict funding to certain aspects of EMS or to place such a high priority on one area that funding for other areas identified by the state is virtually precluded. The development of a trauma registry is an example of a project that needs attention in most every state, but one for which state EMS agencies have a difficult time obtaining state funding. Federal 402 funds could be used effectively to meet this need.

The 403 funds appropriated to the National Highway Traffic Safety Administration are an example of monies whose ultimate effect is much greater than the actual dollar amount would indicate. They serve as an important source of support for nationwide studies, demonstration projects and other such projects of a national interest. The information and results from these projects are made available so that all states can benefit from them. Because of the importance of 403 funds to the further development of EMS, the National Association of State EMS Directors recommends that the amount of 403 funds appropriated to the NHTSA for EMS projects be increased in FY 1986.

Finally, as our emergency medical services systems and programs at the state and local levels become more sophisticated, there is a need for greater coordination. This is one of the major reasons for the existence of our Association. But, it is just as important that this coordination take place within the federal government where there are many agencies and departments with either a direct or peripheral interest in EMS. A formalized mechanism for coordinating and integrating their programs and activities would definitely help those of us at the state level and we would strongly suggest that consideration be given to re-establishing the Interagency Committee on EMS.

While the major effort of the 1970s produced some significant improvements in emergency medical services nationwide, the work is not done--not every community has an efficient and effective emergency medical services system. This is particularly true in rural areas where much of the service is provided by dedicated volunteers. Development of comprehensive emergency medical services systems takes time, and we find that communities are ready to take this step forward at different times. The scarcity of resources and the need to develop liaisons with urban areas often complicates the development of rural systems adding to the length of time needed to fully develop them. Furthermore, it is essential that action be taken to ensure that EMS systems already developed remain up-to-date with current medical knowledge and technology. We cannot afford to let EMS fall once again into disrepair in hopes of later salvaging it with another national effort.

CHICAGO TRANSIT AUTHORITY

STATEMENT OF SAMUEL K. SKINNER, REGIONAL TRANSPORTATION AUTHORITY, CHICAGO TRANSIT AUTHORITY, THE COMMUTER RAIL BOARD, AND THE SUBURBAN BUS BOARD

ACCOMPANIED BY BERNARD FORD, EXECUTIVE DIRECTOR, CHICAGO TRANSIT AUTHORITY

Senator ANDREWS. Next.

Mr. SKINNER. Thank you, Senator. My name is Samuel Skinner, chairman of the Regional Transportation Authority of the Northern District of Illinois. I represent and am accompanied by Bernard Ford, executive director of the Chicago Transit Authority. I also represent—on behalf of the Commuter Rail Board and the Suburban Bus Division—all of the mass transit agencies in northern Illinois.

We are together; we are uniform in our position. And transportation in Illinois is extremely important, as this committee knows because of the past help and support you have given us.

The northern Illinois transportation, 80 percent of the people that work in the central business district use mass transportation, 2.3 million riders. We are the biggest system in the country, second biggest system in the country. Our farebox recovery ratio is extremely high, one of the highest in State subsidies per mass transit, are larger than most States.

The proposal of the administration is clearly devastating to the system. We want to avoid gridlock. We want to avoid the problems that you have heard about before. We cannot do it, and we cannot live with the proposal of the administration. The proposal passed by the Senate gives us equal problems. We cannot afford to have our transit funding down any more. It is already down 20 percent since 1981.

We have another big problem which exists in major mature systems; that is interstate transit. We made an agreement with the Federal Government we would trade road money for transit money. We need that transit money. We have not got that transit money, and the program will not allow us to have that transit money.

Bernard Ford is here from the CTA on behalf of the city of Chicago on this interstate transit agreement. He may have a short comment he wishes to make.

Mr. FORD. Mr. Chairman, just very briefly, we would ask your committee if they could see fit to appropriate $150 million for us. Last year you gave us $131.5 million, for which we were deeply grateful. We need the $150 million to stay on our construction schedules. If we do not get that money, inevitably the cost of the project is going to go up.

We think the program was a value-for-value program originally proposed by the Federal Government. We traded in the largest project in the Nation, 40 percent of the total, and we need your help very desperately.

Senator ANDREWS. Gentlemen, are you in favor of the OMB proposal to combine the interstate transfer programs and highways?

Mr. FORD. No, sir; we are not.

Mr. SKINNER. No; we are not.

Senator ANDREWS. Thank you very much. We appreciate your testimony.

[The statement follows:]

STATEMENT OF SAMUEL K. SKINNER

On behalf of the Regional Transportation Authority (RTA), the Chicago Transit Authority (CTA), the Commuter Rail Board (CRB) and the Suburban Bus Board (SBD) -- as well as the City of Chicago, I wish to express our appreciation for the opportunity to submit this testimony to the Subcommittee. I am Sam Skinner, Chairman of the RTA, and am joined here today by Bernard Ford, Executive Director of the CTA; James Cole, Executive Director of the Commuter Rail Board; and Jerome Butler, Commissioner of the Chicago Department of Public Works.

The RTA is the regional umbrella agency that provides funding for and financial oversight of the mass transportation system in the Chicago metropolitan area. The system has a daily ridership of 2.3 million, making it the second largest in the country, and operates throughout an area nearly the size of the state of Connecticut. Approximately eighty percent of the weekday commuters to the Chicago central business district use mass transit.

The Fiscal Year 1986 Budget originally proposed by the Administration and the compromise proposed by the Administration and the Senate Republican Leadership that is under consideration by the Senate this week have the admirable goal of reducing the federal budget deficit. We share this goal and, bearing in mind previous reductions in transit assistance, we are also willing to accept fair and equitable restraint in mass transit funding. The original FY86 Budget proposed by the Administration, however, directs a disproportionate share of the reductions towards the programs of the Urban Mass Transportation Administration. The Administration proposed reducing all transportation funding by 12.7%, but proposed a reduction in mass transit assistance of nearly two-thirds. Approximately three-quarters of the total reduction in transportation funding would be absorbed by mass transit under the original Administration proposal.

If enacted, the original Administration proposal would result in the loss of $58 million in operating assistance and $99 million in capital assistance to northeastern Illinois, a total reduction of $157 million in 1986.

The compromise proposal put forth by the Administration and the Senate Republican Leadership, which calls for an annual reduction of twenty percent in formula capital and operating assistance, would result in less severe, but, nevertheless, deep cuts to metropolitan Chicago. This proposal in FY86 would reduce federal operating assistance by $11.6 million, from $58 million to $46.4 million, and would reduce capital assistance by $23.8 million, from $184 million to $160 million.

Attached to our written submission is a detailed analysis of the impact of the original Administration budget proposal for mass transit in the Chicago metropolitan area. In summary, it states that:

- Neither the State of Illinois nor local governments are prepared to provide public funding to compensate for the reductions in federal aid.
- To maintain current levels of operations and avoid deferring vital capital improvements, major fare increases and service cuts would be necessary.
- The region's substantially underfunded capital program would fall further behind the necessary capital replacement cycle. Rapid deterioration of the region's transit infrastructure would be inevitable.
- Thousands of transit employees would lose their jobs and thousands of other employees would be hindered in their access to employment. The highway system will be over-

burdened. Indirectly, reduced transit expenditures will result in thousands of other lost jobs and millions in lost business revenue.

Given these detrimental impacts, and because of its inequitable treatment of mass transit, we have strongly opposed the Administration's original budget proposal, as well as the Administration - Senate Leadership compromise.

Since 1981, transit funding has been reduced by $892 million in 1985 dollars, a 20% reduction. In addition, $1.2 billion in gas tax revenues accruing in the Mass Transit Account of the Highway Trust Fund will have been denied to transit systems by the end of 1986 under existing obligation limitations. Mass transit has, therefore, offered more than $1 billion -- over $2 billion in 1986 if frozen at 1985 levels -- toward eliminating the deficit. If all other programs had made contributions similar to transit, the deficit problem would not exist today.

In the past, the region has argued for increased transit spending, primarily to satisfy its unfunded capital needs. Recognizing the need for all sectors of society to assist in efforts to reduce the Federal budget deficit, however, the region recommends for FY86 a freeze on Federal transit assistance at FY85 levels.

One final note on the budget, both the original Administration budget and the compromise budget propose to combine the transit and highway elements of the Interstate Transfer Program and reduce overall highway and transit funding by $250 million, from $950 million in FY85 to $100 million, a 24% reduction. Any reduction in Interstate Transfer funding for transit below the FY1985 level will delay project funding, drive up project costs and force the use of other limited capital funding for project completion. If the Administration's proposal is enacted or appropriation cuts are made in the Transfer transit program, the value for value agreement struck between the Federal government and Transfer recipients when local interstate highway projects were traded in will be breached.

The Federal government made an offer to the States and local governments to withdraw pending interstate highway projects and transfer the project value to other authorized mass transit or highway projects. The underlying intent of this offer was a value for value trade: the exact same funding that would have been available for the completion of the interstate project would be available to complete the substituted transit and highway projects. In accepting the transfer offer and submitting binding concept plans for the substitute projects, state and local officials relied on the belief that funding would be made available in a timely fashion to ensure a return on the funding spent on substitute projects equivalent to the return if the decision had been to proceed with the construction of the withdrawn route. This value for value agreement was implicit not only in Federal law but also in subsequent administrative actions approving the requested Interstate withdrawal and substitute projects.

It has been estimated that the Interstate Transfer Transit project need for FY1986 is approximately $330 million, the national need being based on funding required to keep transit projects on schedule. (See attached FY1986 Interstate Transfer Transit national needs survey.) If the Administration's proposed 24% reduction in transit and highway transfer funding is proportionately allocated to both transit and highway, transit's funding for FY1986 would be reduced to $190 million, $60 million less than in FY85 and at least $140 million less than the national need. Due to the removal of an inflation adjustment for the interstate transfer program, delays in funding

-- as anticipated by the Administration's proposal or any appropriation reductions -- ensure delays in project schedules that, in turn, drive project costs beyond their budgets. The value of the withdrawn interstate highways are thereby eroded, purchasing less than would have been obtained if the interstate highways had been built. At the end of the Interstate Transfer Program, recipients will be left with either incomplete projects or fewer complete projects than anticipated at the time of interstate highway trade-ins. The inescapable conclusion will be that withdrawal areas did not receive what they had bargained for in good faith and that the Federal government did not fulfill its side of the deal.

We, therefore, urge the Committee to maintain Interstate Transfer Transit funding at no less than the FY1985 funding level of $250 million to minimally protect the original agreement struck between the Federal government and interstate withdrawal areas.

Last year, Congress earmarked $130.7 million of Interstate Transfer funds for Chicago transit projects, and, Mr. Chairman, we are very grateful to the Committee for its recognition of our needs in the past.

For FY1986, we are requesting $150 million to proceed with construction on several transit projects, including the Southwest Rapid Transit Line and the Howard-Dan Ryan Through-Route and Capacity Improvement. The preliminary engineering work for the Southwest Rapid Transit line project is nearing completion; FY1985 funds will complete design and initiate construction. The bulk of the FY1986 funding request ($127 million) is needed to maintain the construction schedule on the Southwest line project. Any significant delay due to inadequate funding could result in cost overruns that cannot be accommodated within the remaining balance of available Interstate Transfer Transit funding.

For the Howard-Dan Ryan project, initial construction and procurement contracts have been let. This project involves constructing a connection to link two high ridership lines, the Dan Ryan and Howard lines, to achieve the most efficient and productive use of equipment and facilities. It is expected that FY1986 funds will complete this project.

Finally, Mr. Chairman, as we have noted to this Committee in the past, with respect to the programs of the Urban Mass Transportation Administration, metropolitan Chicago has primarily benefited from the Rail Modernization allocation of the Section 3 program. The Chicago region's capital needs, however, have been and will continue to be seriously underfunded. Preliminary results from UMTA's Rail Modernization Study indicate, for example, that CTA should be spending $70 million more than the $90 million it is investing annually to upgrade its rail infrastructure. Other rail modernization cities are experiencing similar funding shortfalls. We, therefore, urge the Committee to maintain the Section 3 Rail Modernization allocation as a major share of the program similar to the FY1985 level. New rail starts have been gaining an increasing share of the Section 3 funding, and this region supports the interests of other urban areas to develop rail systems that are cost effective. Those interests, however, must be tempered by funding limitations and the need to meet the unfunded maintenance and modernization needs of the old rail systems.

To conclude, Mr. Chairman, in the past this region has argued for increased transit assistance. Recognizing the need for all sectors to assist in efforts to reduce the federal budget deficit, however, we recommend for FY86 a freeze on federal transit assistance at existing, FY85 levels. In line with this, we urge the Committee to maintain funding for the Interstate Transfer Transit program at no less than the existing funding level of $250 million. We also urge the Committee to provide $150 million in formula and discretionary funds for northeastern Illinois to proceed with construction on Chicago transit projects under this program.

Once again, we thank you for making this forum available to present our views.

ADMINISTRATION'S FY1986 MASS TRANSIT BUDGET IMPACT ON NORTHEASTERN ILLINOIS

ADMINISTRATION'S FY1986 MASS TRANSIT BUDGET

(See Attachments A and B for more details.)

The FY1986 Administration's Budget proposes the following for the Federal transit program:

- Reduce total transit budget by 63%, $2.6 billion, from $4.1 billion in FY1985 to $1.5 billion in FY1986.
- Limit capital funding to $1.1 billion (mass transit gas tax revenues) and allocate it by formula (Section 9 formula).
- Eliminate Federal operating assistance entirely.
- Move Interstate Transfer Transit program from UMTA to Federal-Aid Highways Account (Trust Fund) administered by FHWA causing a possible annual reduction of $60 million, from $250 million to $190 million.

N.E. ILLINOIS MASS TRANSIT FUNDING REDUCTIONS

- Total Federal funding cut, excluding Interstate Transfer, of $157 million.
- Eliminate $58 million in Federal operating assistance.
- Cut capital assistance by $99 million.
- Possibly cut Interstate Transfer transit funding by $51 million below the region's need for 1986. (See Attachment B for impact discussion.)

N.E. Illinois Federal Funding Levels*

	1985 (est.)	1986 (est.)	Cuts (est.)	
Operating	$ 58M	0	($ 58M)	(100%)
Capital**	183M	$84M	(99M)	(54%)
Total	$241M	$84M	($157M)	(65%)

* Not including Interstate Transfer Transit funding which is discussed separately in Attachment B.

** Estimate for 1985 capital funding is based on conservative assumptions derived from 1984 actual funding. 1984 funding was extraordinarily low, given the region's historic share of the national program. The region is negotiating the receipt of an extra $25 million for 1984 capital projects. If received the estimated 1985 capital funding would increase by $25 million and the estimated 1986 capital cut would equal $124 million for a total cut of $182 million.

BUDGET IMPACT ON N.E. ILLINOIS

- No Viable Public Funding Alternatives

  The State Legislature provided RTA an annual State operating grant in 1983 after four years of financial crisis. Given the State's reluctance to deal with previous transit funding crises, its own financial constraints and other funding crises, e.g., Chicago public schools and other Federal budget cuts, it is very unlikely that significant additional State assistance will be forthcoming. Local municipalities are facing their own budget cuts and will be unable to provide assistance.

- Fare Increases and Service Cuts

  N.E. Illinois has maintained one of the highest fares in the nation over the last four years and is recently experiencing a significant growth in ridership due in part to service improvements.

  A loss of $157 million in Federal funding equals the revenue/savings generated by a 50% fare increase or a 50% service reduction or a combination of both (25%/25%).

  The practicality of large fare increases or service cuts is not realistic. The loss of ridership is difficult to predict but could be at least 15-20 percent.

- Increase N.E. Illinois Unfunded Capital Need Creating Operational Crisis

  The N.E. Illinois transit infrastructure is one of the oldest in the nation. Many of its structures and facilities date to the 1890's and early 1900's. A major part of its vehicle fleet is rapidly approaching the end of its useful life. 40 to 45 percent of the annual infrastructure rehabilitation need of $400 million is currently unfunded.* Because alternative funding sources are very questionable, the Federal budget cuts could increase the annual unfunded need by approximately 60 percent, from approximately $166 million to $265 million.

* A $400 million capital rehabilitation and replacement program would renew the N.E. Illinois region's transit infrastructure every 45 years, assuming an estimated total replacement value of $18 billion. This is a slower renewal rate than what would be recommended by capital reinvestment standards applied by private industry. An annual investment of $400 million is necessary to maintain a minimally acceptable level and quality of service.

Effect: Rapid deterioration of the region's transit infrastructure. As capital rehabilitation and replacement work is deferred, millions of dollars will be quickly added to operating maintenance costs. This will increase to tens of millions of dollars as a losing battle is waged to prevent complete collapse of the system.

N.E. Illinois' Unfunded Capital Need
(estimated)

Annual Capital Need	$400M
Current Federal Funding	183M
Local Match	51M
Current Unfunded Need	$166M
FY1986 Capital Budget Cuts	99M
Total Unfunded Need	$265M

- Thwart Economic Development

The region's transit system carries 2.3 million riders each day. Approximately over 80% of the trips to the Chicago central business district are by mass transit. The region's economy is obviously extremely transit dependent. The transit funding cuts and necessary fare increases and service cuts will directly involve the layoff of thousands of transit employees and severely hinder other employees' access to jobs. Area highways will be burdened beyond capacity necessitating increased highway spending and energy consumption and causing added air pollution. Indirectly, the cuts will result in thousands of other lost jobs and millions in lost business revenue.* The diminution and deterioration of transit service plus higher fares will discourage the location of new businesses in the area and encourage existing businesses to leave the region. The 1986 budget, therefore, poses a significant threat to continued economic development in N.E. Illinois.

- Weaken Illinois' Federal Balance-of-Payments

Illinois received seventy-five cents for each dollar in revenue sent to the Federal government in 1983 placing it 48th among the 50 states and District of Columbia. Due to its statewide transit operations, Illinois receives ten percent of the Federal transit aid program. The massive reduction in funding for mass transit will significantly widen Illinois' Federal contribution/receipt gap.

RECOMMENDATION

Given the detrimental impact of the Administration's budget on Illinois' Federal balance-of-payments, the substantial unfunded transit capital need, the region's economic vitality, as well as the impracticability of reductions in service and/or increases in fares or non-federal public funding, the region opposes the Administration's proposed reductions in mass transit funding.

In the past, the region has argued for increased transit spending, primarily to satisfy its unfunded capital needs. Recognizing the need for all sectors of society to assist in efforts to reduce the Federal budget deficit, however, the region recommends for FY86 a freeze on Federal transit assistance at FY85 levels.

* Based on U.S. Department of Transportation and Department of Commerce studies and economic models, it has been estimated that $100 million in transit capital expenditures would create 7,600 jobs and $327 million in business revenue. For every $100 million in operating expenditures, 9,600 jobs and $305 million in business revenue are generated. The Administration budget cuts for N.E. Illinois could cause an estimated loss of 13,168 jobs and $504 million in annual private business revenue. The national loss could be 203,000 jobs and $8 billion in business revenue.

ATTACHMENT A

Summary of the Federal Mass Transit Budget for 1986

The Administration seeks $25.5 billion of budget authority in 1986 for transportation programs, a reduction of $3.7 billion from the $29.2 billion provided in 1985. Funding for highway, aviation and marine programs will remain approximately at 1985 levels, while major reductions in funding are sought for mass transit and AMTRAK.

(in billions)	FY85	FY86	Reduction	% Reduced
Transportation	$29.2	$25.5	$3.7	12.7

Approximately three-quarters of the total reduction in transportation funding will be absorbed by mass transit programs. The Administration proposes to reduce mass transit funding by $2.6 billion -- almost two-thirds -- from $4.13 billion in FY85 to $1.57 billion in FY86.*

FY1986 Mass Transit Budget
(in millions $)

	1985 (est.)	1986* (est.)	Reduction	
General Capital Programs				
Section 3 Discretionary	1,100	-0-	(1,100)	(100%)
Section 9 Formula	1,575	1,100	(475)	(30%)
Operating Assistance (Sec. 9)	875	-0-	(875)	(100%)
Interstate Transfer Transit	250	190	(60)	(24%)
Miscellaneous	332	277	(55)	(17%)
Total	4,132	1,567	(2,565)	(63%)

General Capital Assistance Programs

- The Section 3 Discretionary Program is eliminated. This program is funded by revenues generated by 1 cent of the Federal gas tax and collected in the Mass Transit Account of the Highway Trust Fund. The program provides funding for new rail systems (Los Angeles, Miami, Buffalo, etc.), rehabilitation and modernization of old rail systems (Chicago, Philadelphia, New York, etc.) and extraordinary bus needs. It also funds planning activities, elderly and handicapped services, innovative techniques and technology introductions.

- The Section 9 Formula Capital Grant Program is reduced in funding from approximately $1.57 billion in 1985 to $1.1 billion in 1986. Its current general revenue funding is eliminated. Funding will come from the Mass Transit Account (1 cent gas tax revenues) of the Highway Trust Fund. This program is allocated on the basis of a formula that provides capital and operating assistance to urbanized and rural transit systems throughout the nation. The $1.1 billion funding level in 1986 will be limited to capital projects only and the Federal project share will be reduced from 80 to 70 percent.

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* This differs from the Urban Mass Transportation (UMTA) budget due to the inclusion of Interstate Transfer Transit is proposed to be transferred to Federal Highway Administration for 1986. The UMTA Budget actually drops from $4.1 billion to $1.4 billion. Interstate Transfer Transit is included here to more accurately reflect the total Federal mass transit funding program.

Operating Assistance Program

The operating assistance element of the Section Formula 9 program is eliminated at the end of 1985. Federal operating assistance in 1985 will equal approximately $875 million.

Interstate Transfer Transit Program

The Interstate Transfer Transit-(ITT) Program will shift from general revenue funding, administered by UMTA, to funding from the Interstate Transfer program under the Federal-Aid Highways Account (Trust Fund), administered by the Federal Highway Administration. This program is authorized by the Federal-Aid Highway Act of 1973, whereby States and localities may withdraw previously approved segments of the Interstate System (e.g., the Crosstown Expressway in Chicago) and substitute transit or other highway capital projects.

In 1985 ITT was funded at $250 million, though its authorized funding level was set at $390 million. ITT is currently authorized for 1986 at $400 million. The 1986 authorization obligation level for Interstate Transfer Highway (ITH) is set at $725 million. To maintain highway substitute projects at the 1985 funding level of $700 million and maintain transit substitute projects at $250 million an authorization of $950 million would be required. Such an increase is not included in the Administration's budget. The $225 million difference between the 1986 budget limit of $725 million and current funding level of $950 million represents a 24% reduction. If the reduction would be equitably applied to both highway and transit substitute projects, then ITT will drop from $250 million in 1985 to $190 million in 1986, a $60 million cut.

Miscellaneous

UMTA administrative expenses are cut by 13%, primarily due to reductions in staffing.

Washington Metro rail funding is held constant at the 1985 level of $250 million.

Expenditures for research, training and human resources are eliminated in 1986. These activities were funded at $51 million in 1985.

ATTACHMENT B

N.E. Illinois Interstate Transfer Transit Program
Impact of Federal 1986 Budget

The Administration's FY1986 budget includes a proposal to eliminate funding for the Interstate Transfer Transit program and transfer it to the highway program with both funded from the existing highway authorization. Specifically, it calls for the elimination of general revenue funding for the Interstate Transfer Transit program authorized at $400 million for FY1986. The Interstate Transfer Transit program would be combined with the Interstate Transfer Highway program and both funded from the $725 million authorized for highways from the Highway Trust Fund. This would result in an overall reduction of nearly 24 percent from current year funding levels and nearly 36 percent from the amount authorized for both programs.

$ millions

	HTF	Gen. Fund	Total
FY86 Budget	725	-0-	725
FY85 Appropriations	700	250	950
FY86 Authorization	725	400	1125

A funding allocation substantially below the $150 million goal in FY1986 will effectively delay implementation of the region's transit substitute projects. Projects that will be especially harmed are the new Southwest Rapid Transit Line and the Howard/Dan Ryan rapid transit connection. A significant delay in funding will increase project costs beyond their Federally constrained budgets. Funding will not be available from Interstate Transfer Transit for project completion. This will eventually force the diversion of the region's limited and inadequate capital funding for system rehabilitation to Interstate Transfer Transit projects.

Recommendation

The Administration's proposal as it currently stands will have a detrimental impact on N.E. Illinois Interstate Transfer Transit projects. It will reduce the annual funding availability well below the national need and make it impossible for Chicago and other cities to complete their substitute projects with Transfer funds. The Federal government is contractually obligated to continue this program and should guarantee sufficient annual appropriations to complete transit substitute projects. The Administration's proposal should, therefore, be rejected unless it is modified to assure such a guarantee.

FY1986 Interstate Transfer Transit Funding Need

	FY86 Funding Need*
Chicago	$150.00
Baltimore**	29.65
Sacramento	15.00
Boston	40.00
Cleveland	15.00
San Francisco**	6.50
Memphis	20.00
Waterloo**	1.30
Duluth	0.90
Washington, D.C.**	0.68
Albany	2.10
New Jersey:	
Philadelphia	1.26
NYC to Trenton	1.74
Indianapolis	2.20
Fall River to Prov.	0.89
New York City	5.00
Rhode Island	17.00
Hartford-New Britain	20.00
Killingly**	0.04
Portland, Ore.**	0.69
Total	$329.95

* Need is determined by necessary funding to keep transit projects on their budgeted schedules.

** City has not indicated an FY86 need greater than its formula allocation.

Survey Contact List

Chicago	Dick Hankett (312) 744-7767
Baltimore	Gunther M. Gottfeld (301) 383-3314
Sacramento	Greg Miller/Greg Rosebloom (916) 321-2958 & 2800
Boston	John Cahill (202) 628-1075
Cleveland	Taras Szmagala (216) 566-5096
San Francisco	Tom Bulger (202) 775-0079
Memphis	Janet Mencl (901) 278-7800
Waterloo	Pete Albrecht (319) 234-5713
Duluth	Jim Heilig (218) 722-4426
Washington, D.C.	Tom Burke/Wallace Cohen (202) 727-5745 & 5764
Albany	Jack Riley (518) 482-1125
New Jersey	Art Guzzetti (201) 648-7474
Indianapolis	William Petersen (317) 635-2100
MA. Fall River to Providence	Marybeth Mello/Don Sullivan (617) 494-2444
New York City	John Kieser (212) 692-5237
Rhode Island	Ed Dwyer (203) 566-4954
Hartford-New Britain	Francis McMann (203) 522-2217
Killingly	Francis McMann (203) 522-2217
Portland	Jack Mason/Lee Hames (503) 238-4842 &4923

SEATTLE CITY COUNCIL TRANSPORTATION COMMITTEE

STATEMENT OF GEORGE BENSON, CHAIRMAN

Senator ANDREWS. Any other bidders on this short cycle?

Mr. BENSON. Good morning, Mr. Chairman. My name is George Benson. I am a member of the Seattle City Council and chairman of the council's Transportation Committee, as well as chairman of the Downtown Tunnel Committee.

UMTA describes our project as the most cost effective project in the country, and what we are here this morning to recommend to you is the release of the first $20 million in the 1985 budget, but also to encourage the funding of $36 million for year two for tunnel construction.

We are awaiting release of this year's funding to complete the land acquisitions and the final design. We have a bilateral consensus between business people and the governments involved in Seattle. We have a complete consensus. We do not have any disagreement whatever. And we will pay 50 percent from the local funds rather than the usual 20 or 25 percent.

It has been said that where your treasure is, that is your heart also, and that is what I would emphasize on this statement.

We have submitted a four-page statement. We hope it becomes a part of the record.

We appreciate the opportunity of appearing before you this morning. Thank you.

Senator ANDREWS. Thank you very much, Mr. Benson. Your entire statement will be made a part of the record as though you had read it all.

We appreciate your appearance.

[The statement follows:]

STATEMENT OF GEORGE BENSON

Mr. Chairman, my name is George Benson. I am Chairman of Seattle's City Transportation Committee, and Metro Downtown Project Committee. I am also a member of the National League of Cities' Transportation Committee. I am here to present testimony to your committee on the Downtown Seattle Transit Project. We greatly appreciate the concrete support your committee has already provided for our project through your designation of $20 million for final design and land acquisition activities in the Fiscal Year 1985 Appropriations Act. Today I would want to update you on the strides we've made locally in the last year to bring this project to fruition, and to urge you to reject OMB Director David Stockman's poorly conceived attack against major new transit construction nationwide.

For the past twelve months, Metro and the City of Seattle have conducted an intensive series of preliminary engineering and environmental studies on the Downtown Seattle Transit Project. These studies have led to key decisions on the number of stations, precise tunnel alignment, construction methodology, surface circulation system, station configuration, station access and construction mitigation. Independent value engineering reviews helped us adopt cost-effective design approaches. Resolution of all major design questions also allowed us to prepare detailed cost estimates and write a 400 page final environmental impact statement. We continue to receive strong support for the project from our transit riders, downtown business community, Washington State Department of Transportation, and Congressional delegation. We're now ready and eager to advance into the final design and land acquisition activities your committee so generously agreed to support.

But we have a problem, Mr. Chairman. It's the same problem that worthwhile transit projects in other communities are experiencing. That problem is OMB Director David Stockman's persistent but poorly reasoned attack on major new transit investments. He claims all new mass transit systems are too expensive, poorly planned and lacking in external benefits. In doing so, he totally disregards the cost-effectiveness criteria developed by the transportation professionals in the Urban Mass Transportation Administration and your own committee's efforts to direct federal investments to cost-effective projects with strong local financing.

I don't believe Mr. Stockman understands the important role mass transit plays in the life of large cities. Growing cities like my own need major investments in new transit facilities to maintain mobility, economic vitality and a high-quality environment for our citizens. In Seattle, we've managed to avoid choking on rush-hour auto congestion thus far through a cost-effective expansion of our bus system. Downtown employment grew by 20,000 jobs in the period between 1975 and 1982, but peak hour auto access actually declined because of a remarkable 100% increase in peak-hour transit ridership.

Downtown Seattle employment is expected to grow by another 20,000 jobs by the year 1990. Once again, transit is expected to handle nearly all the additional peak-hour trips generated by these employees. But our downtown streets can not handle the 140 additional buses needed to accommodate peak-hour ridership. Downtown bus speeds will slow to a crawl if the tunnel is not built. Operating costs will increase by $6.5 million per year, and potential riders and business activity will be driven away.

UMTA's own analysis demonstrated that the direct transit benefits alone of the Seattle bus tunnel will far exceed its proposed cost in federal dollars. Improved transit access to downtown will also improve the economic efficiency of our region and generate secondary benefits in employment, tax revenues and enhanced livability of our downtown environment. The tunnel will complete a regional system of dedicated, high-occupancy vehicle highway lanes radiating out from our congested downtown streets. We believe the project is well conceived, and a prime candidate for federal investment.

We cannot build the bus tunnel without federal help. Our state continues to suffer from one of the highest unemployment rates in the nation. Our state government lacks any contingency fund to protect it from unforeseen circumstances. The current unemployment rate in the City of Seattle is a still painful 8.5%. The city is in better financial shape than the rest of the state, but our municipal resources will be tied up covering expected reductions in general revenue sharing, community development block grants, and health and human services programs. The federal government has a greater capacity than do local governments to borrow funds for major, one-time capital investments generating long lasting benefits. Since the federal government plays an important role in regulating and promoting economic well being, it should continue to help finance cost-effective investments in partnership with local government.

People often say that words are cheap but money talks. Therefore, let me emphasize the strong local financial commitment supporting this project. We've spent several years and over nine million dollars in local funds in planning and preliminary engineering efforts. We are willing to pay one-half of the tunnel's construction costs from local sources, and finance all other aspects of the Downtown Project--as well as Metro's other capital projects--without any additional discretionary grant assistance. I am happy to report that our state legislature just last week approved a measure that will facilitate the creation of a local improvement district in downtown Seattle. Leaders in our business community have indicated they are willing to pay special assessments for construction of the Downtown Transit Project and other necessary capital improvements. We've backed our words with dollars.

Mr. Stockman says the nation cannot afford to build major new transit facilities. I suggest that an administration comfortable with spending billions on new weapons, Star Wars research, and tobacco subsidies has a poor sense of what the nation can truly afford. Congress raised the federal gasoline tax in 1982 at the President's request so that we could afford to build cost-effective new transit facilities.

Mr. Chairman, I believe our Seattle project contradicts every point raised in Mr. Stockman's attack on new-start transit construction. I urge your support of our bus tunnel and other cost-effective new-start transportation projects around the nation.

CITY OF PORTLAND, OR

STATEMENT OF ROBERT VAN BROCKLIN, DIRECTOR OF GOVERNMENT AFFAIRS

Mr. VAN BROCKLIN. Mr. Chairman, I am Bob Van Brocklin, representing the Portland, OR metropolitan region. You have a full copy of my statement. I will be very brief.

We mention four items in my prepared statement. I would speak briefly to two issues this morning. The first is the progress of the Banfield Light Transitway project. The Portland region is grateful for the committee's continued interest and support of the project. It is our pleasure to report today that it is on schedule, to begin operation on time in September 1986. Seventy percent of the project is completed. Ninety-three percent of the project is under contract.

We are working on several of the major project elements currently, including a great deal of construction in downtown Portland, and have begun extensive testing of the light-rail cars on our test track.

The Portland region's request for fiscal year 1986 is for $9.2 million in section 3 UMTA funds. We are coming close to the end of the project and are doing our best to keep tight rein on the costs so as to create as little demand as possible on scarce Federal section 3 funds. Our request will be used to complete work begun on the last two phases of construction and electrification of the light-rail line.

The second issue that I would mention briefly is the status of our interstate transfer highway funds. We would ask the committee and the Congress for continued support of our program, our highway improvement program, through the Interstate Transfer Program. The Portland region has designed its fiscal year 1986 highway improvement plan to require total funding level of $25 million. Based on the assumption that we will receive $11.5 million in formula grants and will use $6 million in previously appropriated funds, our request in discretionary funds in fiscal year 1986 is for $7.5 million.

However, I should mention that as a result of the delayed passage of the interstate substitute cost estimate, we may be forced to request $21 million for our delayed fiscal year 1985 program.

I believe it is important that the committee understand this, so let me briefly explain this.

Because we received our fiscal years 1984 and 1985 funds so late, the ISC not passing until March 5 of this year, we have been forced to try to spend 18 months' worth of funds in a 6-month time period. Because of the long lead time for planning and implementing highway projects, it is probable that $21 million in projects will not be ready for obligation until November or December of this year. We will miss, therefore, the October deadline for obligation by only a month or two but must, therefore, request your assistance in what amounts to reappropriation.

Alternatively, we have drafted some proposed legislation to extend the use of already appropriated fiscal year 1985 interstate transfer highway funds for another year.

Senator ANDREWS. Thank you very much for your statement. We appreciate it.

Mr. VAN BROCKLIN. Thank you.

[The statement follows:]

STATEMENT OF ROBERT VAN BROCKLIN

THANK YOU MR. CHAIRMAN. ON BEHALF OF THE PORTLAND REGION, WHICH I REPRESENT HERE TODAY, I WANT TO THANK YOU AND YOUR DISTINGUISHED COLLEAGUES ON THE SUBCOMMITTEE FOR PROVIDING THIS OPPORTUNITY TO OUTLINE PORTLAND'S FY 86 REQUEST FOR FEDERAL TRANSPORTATION ASSISTANCE.

THE PORTLAND REGION HAS FOUR MAJOR CONCERNS IN THE AREA OF TRANSPORTATION FINANCE:

- FIRST, A REPORT ON THE PROGRESS OF THE BANFIELD LIGHT RAIL PROJECT AND OUR EFFORTS TO COMPLETE FUNDING OF THE PROJECT FOR RIDERSHIP BY SEPTEMBER OF 1986.
- SECOND, OUR CONCERN FOR AN ADEQUATE ALLOCATION OF INTERSTATE TRANSFER HIGHWAY FUNDS OR ALTERNATIVELY, ENACTMENT OF LEGISLATION CORRECTING A PROBLEM CREATED BY THE LATE PASSAGE OF THE 1985 INTERSTATE SUBSTITUTE COST ESTIMATE.
- THIRD, CONTINUATION OF OPERATING SUBSIDIES FOR TRANSIT.
- FOURTH, ENACTMENT OF LEGISLATION WHICH WOULD AMEND CURRENT LAW TO PERMIT THE DRAWDOWN OF UP TO 1-1/2% OF INTERSTATE TRANSFER FUNDS FOR HIGHWAY PLANNING AND RESEARCH PURPOSES.

THE PORTLAND REGION IS GRATEFUL FOR THE COMMITTEE'S CONTINUED INTEREST IN, AND SUPPORT OF, THE BANFIELD LIGHT RAIL PROJECT. THE PROJECT IS SCHEDULED TO BEGIN OPERATION ON TIME IN SEPTEMBER OF 1986. WE ARE WORKING ON SEVERAL OF THE MAJOR

PROJECT ELEMENTS, INCLUDING A GREAT DEAL OF CONSTRUCTION IN DOWNTOWN PORTLAND, AND HAVE BEGUN EXTENSIVE TESTING OF THE RAIL CARS ON OUR TEST TRACK. THE PORTLAND REGION'S REQUEST FOR FISCAL YEAR 1986 IS FOR $9.2 MILLION IN SECTION 3 UMTA FUNDS. WE ARE COMING TO THE CLOSE OF THE PROJECT AND ARE DOING OUR BEST TO KEEP A TIGHT REIN ON THE COSTS SO AS TO CREATE AS LITTLE DEMAND AS POSSIBLE ON SCARCE FEDERAL SECTION 3 FUNDS. OUR REQUEST WILL BE USED TO COMPLETE WORK BEGUN ON THE LAST TWO PHASES OF THE CONSTRUCTION AND ELECTRIFICATION OF THE RAIL LINE.

INTERSTATE TRANSFER HIGHWAY FUNDS

OUR SECOND REQUEST IS FOR CONTINUED SUPPORT OF OUR HIGHWAY IMPROVEMENT PROGRAM THROUGH THE INTERSTATE TRANSFER PROGRAM. THE PORTLAND REGION HAS DESIGNED ITS FISCAL YEAR 1986 HIGHWAY IMPROVEMENT PLAN WHICH WILL REQUIRE A TOTAL FUNDING LEVEL OF $25 MILLION. BASED ON THE ASSUMPTION THAT WE WILL RECEIVE $11.5 MILLION IN FORMULA GRANTS FROM THE PROGRAM, AND WILL USE $6 MILLION IN PREVIOUSLY APPROPRIATED FUNDS, OUR REQUEST FOR DISCRETIONARY FUNDS IN FY86 IS FOR $7.5 MILLION.

AS A RESULT OF THE DELAYED PASSAGE OF THE INTERSTATE SUBSTITUTE COST ESTIMATE (I.S.C.E.), WE MAY BE FORCED TO REQUEST $21 MILLION FOR OUR DELAYED FY 1985 PROGRAM. LET ME EXPLAIN THIS SITUATION. BECAUSE WE RECEIVED OUR FY84 AND FY85 FUNDS SO LATE, WE HAVE BEEN FORCED TO TRY TO SPEND 18 MONTHS WORTH OF FUNDS IN A SIX MONTH TIME PERIOD. BECAUSE OF THE LONG LEAD TIME FOR PLANNING AND IMPLEMENTING HIGHWAY PROJECTS, IT IS HIGHLY PROBABLE THAT $21 MILLION IN PROJECTS WON'T BE READY FOR OBLIGATION UNTIL NOVEMBER OR DECEMBER of this yr. WE WILL MISS therefore THE OCTOBER DEADLINE FOR OBLIGATION BY ONLY MONTHS, BUT MUST THEREFORE REQUEST YOUR ASSISTANCE IN WHAT AMOUNTS TO A RE-APPROPRIATION. ALTERNATIVELY, WE HAVE DRAFTED SOME PROPOSED LEGISLATION TO EXTEND USE OF OUR ALREADY APPROPRIATED FY85 interstate transfer funds FUNDS FOR ANOTHER YEAR. IF THIS WERE NOT TO BECOME LAW, OUR REQUEST OF $7.5 MILLION WOULD INCREASE TO $28.5 MILLION TO ACCOUNT FOR THE REALLOCATION OF THE $21 MILLION PREVIOUSLY APPROPRIATED.

FEDERAL OPERATING SUBSIDIES

THE THIRD ISSUE IS FEDERAL OPERATING SUBSIDIES FOR TRANSIT. THE PORTLAND REGION'S TRANSIT AGENCY, TRI-MET, WILL HAVE ABOUT A $66 MILLION BUDGET THIS YEAR. LAST YEAR THE AGENCY RECEIVED $4.6 MILLION IN OPERATING SUBSIDIES, OR ABOUT 7% OF ITS BUDGET. OVER THE PAST THREE YEARS, THE AGENCY HAS RAISED FARES 15%, REDUCED ITS MANAGEMENT SIZE, CUT SERVICE, INCREASED PRODUCTIVITY AND IS NOW GOING THROUGH PUBLIC HEARINGS FOR ANOTHER 33% FARE INCREASE.

MR. CHAIRMAN, AFTER TAKING ALL OF THESE STEPS TO IMPROVE OUR OPERATIONS AND FINANCIAL CONDITION, WE ARE STILL JUST BREAKING EVEN THIS YEAR. NEXT YEAR, WITHOUT ADDITIONAL LOCAL REVENUE, WE WILL BE INTO THE RED INK. WE ARE NOW GOING THROUGH A PUBLIC REVIEW PROCESS TO EXAMINE TRI-MET'S ROLE AS THE PUBLIC TRANSPORTATION PROVIDER. THIS STUDY WILL ALSO DETERMINE THE NEED AND MECHANISM FOR RAISING ADDITIONAL LOCAL REVENUES TO AVOID THE POSSIBILITY OF RED INK OR CURTAILMENT OF SERVICES. WE ARE NOT ASKING THE FEDERAL GOVERNMENT TO INCREASE ITS SHARE OF THE RESPONSIBILITY, BUT WE ARE ASKING THAT THE FEDERAL CONTRIBUTION BE MAINTAINED. IF IT MUST BE REDUCED, THEN WE POINT OUT THE NEED TO GRADUALLY PHASE DOWN THE COMMITMENT RATHER THAN ABRUPTLY WITHDRAWING IT.

FAIX 1-1/2 PLANNING FLEXIBILITY

FINALLY, THE PORTLAND REGION SUPPORTS THE PROPOSAL WHICH WOULD ALLOW 1-1/2% OF FAIX FUNDS TO BE DRAWN DOWN FOR PLANNING PURPOSES AT THE DISCRETION OF THE LOCALITY. THIS REQUEST WOULD NOT INCREASE FEDERAL FUNDING, BUT SIMPLY GIVES LOCAL GOVERNMENTS WITH FAIX FUNDS GREATER LATITUDE IN USING SUCH FUNDS TO MEET LOCAL TRANSPORTATION NEEDS. CURRENTLY, 1-1/2% OF THE OTHER HIGHWAY PROGRAM APPORTIONMENTS IN MOST STATES IS DRAWN DOWN FOR PLANNING AND RESEARCH PURPOSES. UNFORTUNATELY, SIMILAR AUTHORITY IS NOT AVAILABLE FOR INTERSTATE SUBSTITUTION FUNDS. THUS, COMMUNITIES WHICH HAVE WITHDRAWN NON-ESSENTIAL INTERSTATE SEGMENTS ARE, IRONICALLY, NOT PERMITTED TO USE AVAILABLE FUNDS FOR PLANNING PURPOSES AT THE VERY TIME PLANNING FUNDING IS MOST NEEDED.

BY ITS VERY NATURE, THE INTERSTATE WITHDRAWAL PROGRAM REQUIRES DEVELOPMENT OF SUBSTITUTION PROJECTS WHICH WILL MOST ECONOMICALLY SERVE THE TRANSPORTATION NEEDS OF THE COMMUNITY. THE PORTLAND REGION IS ONE OF THE LONG TERM PARTICIPANTS IN THIS PROCESS AND HAS RELIED HEAVILY UPON THIS SOURCE OF FUNDING FOR OUR TRANSPORTATION CAPITAL NEEDS. DURING THE NEXT FEW YEARS, OUR PROGRAM WILL BE WINDING DOWN AND FINALLY ENDING. AS FEDERAL FUNDING INVOLVEMENT DECREASES, NEW LOCAL INITIATIVES WILL HAVE TO BE UNDERTAKEN TO REPLACE THIS SOURCE OF CAPITAL. THE ABILITY TO EXPEND 1-1/2% OF OUR REMAINING SUBSTITUTION FUNDS FOR PLANNING WOULD GREATLY ASSIST US IN MAKING THIS TRANSITION WHILE NOT INCREASING THE FEDERAL GOVERNMENT'S COST FOR THE PROGRAM.

THANK YOU, MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE. WE HAVE RAISED SEVERAL CONCERNS HERE TODAY AND HAVE PROVIDED LEGISLATIVE SOLUTIONS WHEREVER POSSIBLE. WE ASK FOR YOUR SUPPORT AND CONSIDERATION WHEN ADDRESSING THESE ISSUES.

SAN FRANCISCO BAY AREA METROPOLITAN TRANSPORTATION COMMISSION AND SAN MATEO COUNTY TRANSIT DISTRICT

STATEMENTS OF:

ROBERT F. SCHRODER, CHAIRMAN, METROPOLITAN TRANSPORTATION COMMISSION, SAN FRANCISCO BAY AREA

MIRIAM L. GHOLIKELY, CHAIRMAN, SAN MATEO COUNTRY TRANSIT DISTRICT

Senator ANDREWS. Our next witness.

Mr. SCHRODER. Good morning, Mr. Chairman. I am Robert Schroder, chairman of the Metropolitan Transportation Commission of the San Francisco Bay area. Our region has not one but seven major transit operators and some 15 smaller operators. I am here from California to tell you how important your committee's actions are to maintaining transit as an integral part of our region's transportation network.

For the second year in a row, residents throughout the region ranked transportation as the number one problem facing the region in the bay area poll, an annual survey sponsored by the bay area council, the foremost business group in the region. And you have a copy of that exhibit that we have delivered to you.

Senator ANDREWS. We do.

Mr. SCHRODER. Transit is the key to the efficient, effective movement of people in the region urban areas, and must continue to function fully to keep the bay area's workers and the economy moving.

We are all aware of the need to address the Federal deficit, and we support a reduction in that deficit, but transit should not be targeted for a disproportionate cut. The Federal funding role is vital to the Federal, State, and local partnership for the transit system as well as the highway system.

Therefore, Mr. Chairman, we urge that the transit funding be frozen at the current level so that the bay area may maintain a healthy economy and also accommodate planned future economic growth which in the long run is the key to overcoming the Federal deficit.

I would like to introduce Miriam Gholikely who is chair of the San Mateo County Transit District.

Senator ANDREWS. Good to have you here.

Ms. GHOLIKELY. Good morning, Mr. Chairman and members of the committee. I am Miriam Gholikely, chair of the Board of Directors of SAMTRANS, and my transit district happens to be one of the districts that fall under the planning area of the Metropolitan Transportation Commission.

We are in a very unique position in that daily we haul 63,000 riders throughout our own county and into the city of San Francisco. We also connect with the services to Santa Clara County and to the BART station in Daly City.

Any reduction in Federal funding would strike severely at the heart of two capital, vital capital programs at SAMTRANS. One is bus procurement, the other is rail movement. Both programs are key to avoiding what is projected to be a virtual gridlock on our west bay freeways by the turn of the century.

The rail project in San Mateo County that would be jeopardized by a Federal cutback would include BART passenger station at Colma and an improvement of the rail services between San Francisco and San Jose.

Senator ANDREWS. Thank you very much for an excellent statement.

Let me assure you that your entire statement will appear in the record as though you had read it.

Mr. SCHRODER. Thank you for hearing us.

Ms. GHOLIKELY. Thank you.

Senator ANDREWS. We appreciate your coming.

[The statements follow:]

STATEMENT OF ROBERT I. SCHRODER

GOOD MORNING MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. I AM ROBERT I. SCHRODER, CHAIRMAN OF THE METROPOLITAN TRANSPORTATION COMMISSION OF THE SAN FRANCISCO BAY AREA AND A MEMBER OF THE CONTRA COSTA COUNTY BOARD OF SUPERVISORS.

OUR REGION HAS NOT ONE, BUT SEVEN MAJOR TRANSIT OPERATORS AND SOME FIFTEEN SMALLER OPERATORS. I AM HERE TO TELL HOW IMPORTANT YOUR COMMITTEE'S ACTIONS ARE TO MAINTAINING TRANSIT AS AN INTEGRAL PART OF OUR REGION'S TRANSPORTATION NETWORK.

FOR THE SECOND YEAR IN A ROW, RESIDENTS THROUGHOUT THE REGION RANKED TRANSPORTATION AS THE NUMBER ONE PROBLEM FACING THE REGION IN THE BAY AREA POLL, AN ANNUAL SURVEY SPONSORED BY THE BAY AREA COUNCIL, THE FOREMOST BUSINESS GROUP IN THE REGION. (SEE EXHIBIT A ATTACHED.)

OVER FIVE TIMES THE NUMBER OF THOSE POLLED LISTED TRANSPORTATION AS THEIR MAJOR CONCERN AS COMPARED TO THE NUMBER THAT LISTED UNEMPLOYMENT, AND ALMOST THREE TIMES THE NUMBER IDENTIFIED TRANSPORTATION COMPARED TO THOSE WHO IDENTIFIED CRIME AS THE MAJOR PROBLEM.

TRANSIT IS THE KEY TO THE EFFICIENT, EFFECTIVE MOVEMENT OF PEOPLE IN THE REGION'S URBAN AREAS AND MUST CONTINUE TO FUNCTION FULLY TO KEEP THE BAY AREA'S WORKERS AND THE ECONOMY MOVING.

WE ARE WELL AWARE OF THE NEED TO ADDRESS THE FEDERAL DEFICIT, AND WE SUPPORT A REDUCTION IN THAT DEFICIT. BUT TRANSIT SHOULD NOT BE TARGETED FOR A DISPROPORTIONATE CUT. THE FEDERAL FUNDING ROLE IS VITAL TO THE FEDERAL/STATE/LOCAL PARTNERSHIP FOR THE TRANSIT SYSTEM AS WELL AS THE HIGHWAY SYSTEM. TRANSIT PLAYS A PRIME ROLE IN RELIEVING TRAFFIC CONGESTION IN THE REGION'S THREE MAJOR COMMUTE CORRIDORS. OVER 53% OF THE COMMUTERS IN THE OAKLAND BAY BRIDGE ARE ON TRANSIT, OVER 27% ON THE GOLDEN GATE BRIDGE TO THE NORTH AND OVER 33% THROUGH THE CALDECOTT TUNNEL TO THE EAST. THE HIGHWAYS IN THESE CORRIDORS ARE ALREADY AT CAPACITY WITH LONG COMMUTE DELAYS. TRANSIT WILL PLAY AN INCREASING ROLE IN MOVING WORKERS IN SANTA CLARA'S

TRAFFIC-CONGESTED SILICON VALLEY ONCE THE GUADALUPE LIGHT RAIL SYSTEM IS BUILT. INCREASED TRANSIT SERVICE TO ACCOMMODATE THE RAPID ECONOMIC DEVELOPMENT IN CONTRA COSTA COUNTY IS URGENTLY NEEDED AS THE HIGHWAY SYSTEM IS OVERWHELMED BY WORKERS' AUTOS.

OUR REGION SHOWED FORESIGHT IN SUPPORTING THE CONSTRUCTION OF BART AND HAS SHOWN A CONTINUING COMMITMENT TO TRANSIT AS EVIDENCED BY THE LEVEL OF SERVICE WE NOW HAVE AND THE LEVEL OF LOCAL FINANCIAL SUPPORT WE MAINTAIN. FIVE MAJOR COUNTIES HAVE DEDICATED A 1/2% SALES TAX TO TRANSIT. BUT WE RELY ON, AND MUST CONTINUE TO RECEIVE, FEDERAL GOVERNMENT SUPPORT AS WELL. WITHOUT FEDERAL INVESTMENT IN TRANSIT AS WELL AS HIGHWAYS, OUR FREEWAY SYSTEM WILL BE INUNDATED BY WORKERS WHO WOULD BE FORCED TO RETURN TO THEIR CARS TO GET TO WORK.

THEREFORE, WE URGE THAT TRANSIT FUNDING BE FROZEN AT THE CURRENT LEVEL SO THE BAY AREA MAY MAINTAIN A HEALTHY ECONOMY AND ALSO ACCOMMODATE PLANNED FUTURE ECONOMIC GROWTH WHICH, IN THE LONG RUN, IS THE KEY TO OVERCOMING THE FEDERAL DEFICIT.

THANK YOU FOR THE OPPORTUNITY TO EXPRESS OUR VIEWS.

AND NOW I WOULD LIKE TO INTRODUCE MIRIAM GHOLIKELY, CHAIR OF SAMTRANS, THE SAN MATEO COUNTY TRANSIT DISTRICT.

[EXHIBIT A]

BAY AREA POLL

[Sponsored by the Bay Area Council, April 1985]

Highlights

Featured: Views on Local Decision-Making

- *One out of five citizens polled express a high degree of satisfaction with the quality of elected officials in their own communities, and another 64% say they are moderately satisfied.*
- *Two out of three Bay Area residents surveyed say they have confidence in their elected representatives. Nearly eight out of 10 believe their community officials are conscientious, and half think they do a better job than officials elsewhere.*
- *Eighty-five percent of respondents see the media as having influence on local government actions—the highest ranking among all groups named. State government officials and business groups score close behind.*
- *Poll results suggest citizens have a high degree of faith in the decision-making process, but believe some participants have undue influence.*
- *By more than a two-to-one margin, citizens feel local decisionmaking is dominated by a vocal minority of the population. Nearly as strong is the belief that large campaign contributors are overly influential in government actions.*

Other Issues:

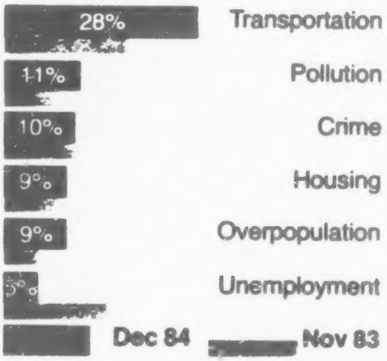
- *Transportation is ranked the number-one issue facing the region, named the top concern by 28% of those polled.*
- *Optimism about the Bay Area economy is at the highest peak since the Poll began in 1980.*
- *Though residents continue to believe economic growth should be encouraged, a growing percentage believe we should stand firm on air and water standards.*

Trends

Transportation: A Growing Problem

The number of Bay Area residents identifying transportation as their top concern jumped to 28% from 18% in 1983. For the second year in a row, transportation ranks as the number-one problem facing the region. In 1982, only 8% of poll respondents considered transportation the most important regional problem.

What is the most important problem facing the Bay Area today?*



*Each percentage refers to the proportion of the 600 person sample which mentioned that problem in response to this open-ended question. Only the first responses have been tabulated.

Not only did transportation outrank itself as the single most important problem today, poll results also show a marked concern with the worsening condition of local streets and roads and the highway system, 57% and 58%, respectively, say they are getting worse. (See "Getting Better or Worse?")

Concerns with unemployment and the

economy seem to have subsided, and most Bay Area residents no longer consider unemployment among their highest concerns. Though unemployment dominated previous polls and ranked the number-one problem throughout 1982, it has plummeted from second place (15%) in 1983 to sixth place (5%) today.

The poll also reveals rising concern with pollution. It ranks second among the problems facing the region.

Crime remains relatively high on the list of regional concerns, though concern has gradually decreased in recent years. Ranked the number-one issue in 1981, it has hovered at number three in the last two editions of the poll.

Feeling Fine

The overwhelming majority of Bay Area residents polled feel life in the region is going well. The percentage of respondents expressing this positive feeling has steadily increased from 65% in 1982 to 78% in 1983, and 80% in 1984. This confident attitude is also evident in responses on specific quality-of-life issues especially unemployment and the economy. (See "Getting Better or Worse?")

As far as you are concerned, how are things going in the Bay Area today?

Dec 84	Nov 83	
80%	78%	Very or somewhat well
18%	20%	Very or somewhat badly

STATEMENT OF MIRIAM L. GHOLIKELY

GOOD MORNING, MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE. I AM MIRIAM L. GHOLIKELY, CHAIR OF SAMTRANS.

SAMTRANS PROVIDES TRANSIT SERVICE FOR OVER 63,000 DAILY RIDERS THROUGHOUT SAN MATEO COUNTY AND INTO SAN FRANCISCO AND ALSO CONNECTING SERVICE TO SANTA CLARA TRANSIT AND BART IN DALY CITY.

WHEN SAMTRANS WAS FIRST CREATED NINE YEARS AGO, FEDERAL FUNDS PROVIDED 27% OF OUR OPERATING BUDGET. TODAY, THAT FIGURE HAS PLUNGED TO FIVE PERCENT. FARES AND STATE AND LOCAL SALES TAX FUNDS MUST MAKE UP THE DIFFERENCE.

ANY REDUCTION IN FEDERAL TRANSIT FUNDING WOULD STRIKE MOST SEVERLY AT THE HEART OF TWO VITAL CAPITAL PROGRAMS AT SAMTRANS. ONE IS BUS PROCUREMENT, THE OTHER IS RAIL IMPROVEMENTS. BOTH PROGRAMS ARE KEY TO AVOIDING WHAT IS PROJECTED TO BE VIRTUAL GRIDLOCK ON OUR WEST BAY FREEWAYS BY THE TURN OF THE CENTURY.

SAMTRANS' ABILITY TO MAINTAIN OUR FLEET OF BUSES IS DEPENDENT ON THE SCHEDULED REPLACEMENT OF 150 VEHICLES OVER THE NEXT 12 YEARS. WE ARE PREPARED TO CONTINUE TO PULL OUR OWN WEIGHT LOCALLY AS WE DID IN ORDER TO BUILD UP THE 300-BUS FLEET WE HAVE IN OPERATION TODAY. BUT THE FEDERAL GOVERNMENT'S CONTINUED PARTICIPATION IN THE BUS ACQUISITION PROGRAM IS ESSENTIAL IF SAMTRANS AND OTHER BAY AREA OPERATORS ARE TO MAINTAIN A VIABLE BUS FLEET TO PROVIDE LOCAL AND COMMUTER EXPRESS SERVICE AS WELL AS NECESSARY FEEDER SERVICE TO BART, IN THE OAKLAND-SAN FRANCISCO URBAN AREA, AND TO THE CALTRAIN PENINSULA SERVICE, IN THE WEST BAY CORRIDOR.

THE RAIL PROJECTS IN SAN MATEO COUNTY THAT WOULD BE JEOPARDIZED BY A FEDERAL CUTBACK INCLUDE A BART PASSENGER STATION AT COLMA AND IMPROVEMENT OF RAIL SERVICE BETWEEN SAN FRANCISCO AND SAN JOSE. WE ARE ABOUT TO DECIDE HOW BEST TO IMPROVE RAIL SERVICE PARALLEL TO U.S. HIGHWAY 101 AND I-280 ON THE PENINSULA. THESE TWO FREEWAYS CANNOT BE EXPANDED TO HANDLE OUR GROWTH, THUS A PARTNERSHIP OF LOCAL/STATE/FEDERAL GOVERNMENTS MUST FINANCE THE RAIL TRANSIT IMPROVEMENTS NEEDED IN THE WEST BAY CORRIDOR.

WE AT SAMTRANS RECOGNIZE THE NEED TO DEAL WITH THE DEFICIT. BUT WE ADAMENTLY OPPOSE UNFAIR REDUCTIONS FOR TRANSIT WHICH HAS ALREADY BEEN SUBJECT TO SHARP CUTBACKS OVER THE LAST THREE YEARS.

TRANSIT IS NOT A LUXURY, IT IS A NECESSITY FOR THE MOVEMENT OF COMMUTERS IN OUR URBAN AREAS. MOREOVER, LEST WE FORGET, FOR SOME OF OUR CITIZENS IN URBAN AND NON-URBAN AREAS ALIKE, TRANSIT IS THE ONLY ANSWER TO MOBILITY NEEDS.

THEREFORE, WE WOULD SUPPORT A FREEZE ON TRANSIT FUNDING AS OUR CONTRIBUTION TO THE FEDERAL BELT-TIGHTENING THAT IS NECESSARY. BUT TO INFLICT THE MASSIVE CUTS PROPOSED FOR PUBLIC TRANSIT WOULD BE UNFAIR TO TRANSIT USERS AND A BLOW TO THE ECONOMIC GROWTH WE ARE EXPERIENCING AND THAT MUST BE MAINTAINED.

THANK YOU FOR THIS OPPORTUNITY TO SPEAK TO YOU.

AMERICAN PUBLIC TRANSIT ASSOCIATION

STATEMENT OF DANIEL T. SCANNELL, VICE PRESIDENT, GOVERNMENT AFFAIRS, AMERICAN PUBLIC TRANSIT ASSOCIATION, AND FIRST VICE CHAIRMAN, NEW YORK CITY METROPOLITAN TRANSPORTATION AUTHORITY

ACCOMPANIED BY:

LAWRENCE JACKSON, LONG BEACH, CA

JACK R. GILSTRAP, EXECUTIVE VICE PRESIDENT, AMERICAN PUBLIC TRANSIT ASSOCIATION

Senator ANDREWS. The next witness.

Mr. SCANNELL. Good morning, Senator. My name is Dan Scannell. I am the vice president of governmental affairs for APTA, and I am also the vice chairman for the New York City Metropolitan Transportation Authority, and I have with me Lawrence Jackson who is going to split the 2 minutes with me. He is from Long Beach, CA, and Jack Gilstrap, the executive vice president of APTA is here to answer any questions you may have.

Senator ANDREWS. Your executive vice president is well known on the Hill. It is good to have him along.

Mr. SCANNELL. We have submitted indepth statements rebutting the premises set forth by Mr. Stockman, and we want to urge the committee to keep the Federal Government in aiding transit, which is a vital need across the country.

Second, we think the solution to the budget crisis is to have a freeze and continue to give us at the present level of contribution.

We would like to point out that we have already made our contributions toward the deficit because if you look at the record, you will see that in 1985 dollars, we are at $1 billion less from the general funding and also by virtue of the fact that the gas tax has not been given its full use for transit, we have lost another $1 billion there.

We would also like to emphasize that we need both section 9 and section 3 funding because they take care of different transit needs.

The other point we would like to make is that we had surveys not only by our membership but also by the Council of Mayors, and both surveys found that public transit services will experience an immediate, unavoidable, and massive decline if this budget is allowed to stand.

And with those few words, I pass now to Mr. Jackson.

Senator ANDREWS. Thank you very much for an excellent statement, gentlemen.

Could I ask you a question?

What is the status of the Freedom of Information Act request you filed with UMTA, any one of the three of you?

Mr. GILSTRAP. Yes, sir. We requested 22 days ago and had a response from UMTA regarding our Freedom of Information request. They said they needed 10 additional days. We have not heard a word from them since that time.

Senator ANDREWS. Thank you very much. We appreciate your appearance.

[The statement follows:]

STATEMENT OF DANIEL T. SCANNELL

INTRODUCTION

The American Public Transit Association represents over 300 bus and rail transit systems across the country which carry 94 percent of all transit riders in the United States. In addition, APTA's membership includes over 400 manufacturers and suppliers of transit equipment, consultants, contractors, state and local departments of transportation, planning agencies, and universities.

We are appearing today to present for the Subcommittee's consideration our views on funding levels for the Fiscal Year 1986 federal transit program. As in past years, members of this Subcommittee and the transit industry are facing renewed pressure from an increasingly hostile Administration desiring to effectively eliminate the federal funding for public transit. We adamantly disagree with both the philosophy and the rationales underlying the Administration's position and seek the Subcommittee's continued support in maintaining a strong well-balanced federal commitment to public transportation.

We would like to assure the Subcommittee at the outset that we deeply share the concern over the nation's mounting budget deficit. It has become clear to us, however, that the deficit reduction proposals that have been made to date are, in the domestic area, nothing more than thinly-veiled attempts to use the budget issue to drastically realign federal roles and responsibilities. In the process, a whole range of important domestic programs including transit, are targetted for major reductions or total elimination under the guise of deficit reduction. What the Administration has failed to achieve legislatively in cooperation with Congress and local officials through its "new federalism" concept, it seeks to implement through the budget process in a crisis atmosphere.

APTA, along with a host of other organizations which represent or directly serve the American public, strongly object to proposals which attempt to reduce the deficit and simultaneously restructure federal, state and local relationships by concentrating budget cuts in the already drastically reduced domestic spending area. It has been stated often but bears repeating: the portion of the national budget devoted to domestic discretionary spending continues to shrink and is simply too small to be the central focus of a legitimate deficit reduction effort.

Equity and Fairness

Deficit reduction does deserve serious attention, but the two most basic principles that should guide the deficit reduction effort are fairness and equity. Fairness means that those who have borne the burden of previous cuts should not be asked to bear even a greater burden again. Transit, for example, has already made a substantial contribution through prior cuts, as outlined later in this statement--nearly $1 billion directly and $2 billion indirectly since 1981. Further massive reductions are grossly unfair to communities and riders who depend daily on basic public transit services.

Equity is equally important, meaning that every element, component and program in the budget should be treated equally or asked to share in the deficit reduction burden. Past spending cuts and current budget proposals continue to be targetted on a very few programs, including transit, and the impacts fall largely on those least able to afford them. The burden of deficit reduction must be shared more widely.

For these reasons, it is our recommendation that all federal spending, including transit assistance, be frozen at current levels for 1986. Estimates indicate that such a step would prompt a reduction in the deficit of $42-44 billion next year. This can be accomplished without the drastic impacts and uneven consequences of the proposals that have been made to date.

Balance Within the UMTA Programs

Just as importantly, balance and equity must be maintained within and among various elements of the UMTA program as well as between overall transit funding and other federal programs.

The current mix of formula and discretionary transit assistance for capital and operations was painstakingly worked out in the Surface Transportation Assistance Act of 1982. Both the Section 9 formula program and the Section 3 discretionary program serve important, legitimate, distinct needs. These two programs, in combination, are necessary to meet America's transit and mobility needs.

Section 9 supports critical operating and maintenance functions as well as routine capital improvements for virtually every urbanized area in the country, as well as over 900 rural systems. The Section 9 program is particularly important to the medium and small bus systems around the country. Reductions in Section 9 funding would have devastating consequences in these areas, and would greatly restrict the ability of transit systems of all sizes to operate and routinely upgrade equipment and services.

The Section 3 program, in contrast, supports equally critical major capital investments that cannot be adequately addressed through formula distribution of funds. New system development, modernization of existing rail systems and extraordinary bus-related needs can only be handled through a discretionary resource. The distinct purpose and integrity of each of these two major programs must be maintained throughout the budget and appropriations process. Reductions in one program at the expense of another will only serve to introduce major inequities in how the nation's widely varying transit needs are to be met.

Consequently, it is our recommendation that the principles of fairness and equity be applied within the UMTA program as well as across the entire budget; that neither of the two major programs be singled out for reductions; and, that the current balance that exists between the major UMTA programs be maintained.

Based on these themes, the remainder of our testimony provides what we believe to be a sound and compelling rationale for a freeze in UMTA program spending for fiscal 1986. The major elements of this rationale are:

1. Transit capital and operating investment requirements continue to grow and the backlog of unmet needs continues to increase;

2. The justifications offered by UMTA and OMB for drastic cuts in the transit program are not credible and not defensible;

3. The transit program has already made a sizeable contribution to deficit reduction.

TRANSIT INVESTMENT NEEDS

Capital Needs

Last April, we presented to this Subcommittee the results of a detailed assessment of the nation's transit capital needs. The analysis indicated that a total capital investment of over $36 billion is required through 1988 to ensure the continued integrity, safety and reliability of service to the public. Table 1 indicates how these needs are distributed among major types of projects.

Table 1
FIVE YEAR TRANSIT CAPITAL NEEDS

Project Type	Capital Needs[1]		Percent
Bus		$ 7,725	21.2%
Facilities	$ 3,929		(50.9%)
Vehicles	$ 3,796		(49.1%)
Rail		$28,730	79.6%
Modernization	$15,088		(52.4%)
Extensions	$ 3,783		(13.1%)
New Starts	$ 9,859		(34.3%)
TOTAL		$36,455	

[1] 1984 dollars in millions

The critical findings which have emerged from this assessment, and which were presented to the Subcommittee in detail one year ago, are:

-- Nearly $8 billion will be needed to meet the capital requirements of the nation's bus systems;

-- Bus capital needs are equally split between vehicle replacement requirements and maintenance facility improvements;

-- 30 percent of the bus fleet is past its economic life (12 years); 33 percent of the nation's bus maintenance facilities are over 40 years old;

-- Modernization of our nation's older rail transit systems requires over $15 billion. Even current levels of investment are inadequate to substantially reduce the backlog of modernization needs; continued under-investment may lead to major declines in reliability and safety, and possible system failures in the near future;

-- Nearly 30 percent of the rail car fleet is past its economic life (25 years); 56 percent of the nation's rail maintenance facilities are over 40 years old;

-- Over $13.6 billion is needed to support new rail system and high capacity fixed facility development over the next 5-years; over 30 projects in more than 20 areas around the country are now in formal planning or design to meet otherwise unserviceable travel demands.

The analysis of capital investment requirements over the 5-year period indicated that the majority is needed to address existing needs. Over 80 percent of the $36 billion required is needed to properly upgrade already existing facilities and equipment or to provide basic levels of service to meet already existing travel demands. It is also our understanding that the 5-year $36 billion figure is generally consistent with UMTA's own assessment of overall transit capital investment requirements.

The similarity of these estimates will be more closely confirmed when UMTA releases the results of the rail modernization study requested by the Senate Appropriations Committee in 1979. It is our understanding that cost estimates associated with the modernization of existing rail transit systems are completed and have been sent to individual rail systems for review.

The ample evidence assembled and presented over the past year on the scope of transit capital needs in this country should, by itself, justify maintaining current levels of capital funding. Yet capital investment is only one part of the picture.

OPERATING REQUIREMENTS

The cost to operate and maintain essential transit services in this country now exceeds $10 billion annually. Our most recent estimates, shown in Table 2, indicate how the overwhelming share of this burden - over 90 percent - is already being borne by those who benefit directly and indirectly, the riders and state and local taxpayers.

Table 2
SOURCES OF SUPPORT FOR TRANSIT OPERATIONS AND MAINTENANCE

Source	Amount	Percent
Fares and Other Earned Income	$ 4.45 bil	44.1%
State and Local Assistance	$ 4.78 bil	47.3%
Federal Assistance	$ 0.87 bil	8.6%
Total	$10.10 bil	100.0%

1984 estimate.

The 10 percent overall federal contribution masks some critical factors which lie at the heart of why the federal contribution is absolutely vital and must be maintained:

- Smaller systems are often dependent on federal operating assistance to meet 30-40 percent of their costs. It is these systems and services that are in greatest immediate jeopardy from a total federal withdrawal; it is these areas that are frequently without the tax base to replace lost federal funds; it is these systems that serve a larger share of low income, transit-dependent users who have few, if any, options to maintain their mobility;

- In large systems, federal operating assistance represents large actual amounts of aid--frequently tens of millions of dollars, or more. It is just as difficult, if not impossible, for these areas to replace such large amounts of lost federal aid as it is for small areas to replace the high percentage of aid represented by federal funds;

- Operating funds are the sole source of support for maintenance activity. If adequate and timely maintenance is to be performed, adequate support for operations must be continued. If the federally-supported capital investments are to be maintained there should be a parallel federal commitment to the maintenance of that investment;

- In many important instances, increases in transit operating costs or the loss of revenue are the result, directly or indirectly, of federal requirements and mandates. Because these requirements represent, for the most part, worthy national policy objectives, it is reasonable to expect some continued level of federal support to carry them out.

Transit systems and local officials have achieved considerable success in recent years increasing productivity and controlling costs through a variety of managerial, organizational and service innovations. Intergovernmental support of transit operations at the local, state and federal level has made this possible. Wholesale withdrawal of the federal partner and major declines in federal assistance will destroy these achievements and hasten a certain decline in the extent and quality of basic transit services.

RESEARCH, DEVELOPMENT AND DEMONSTRATION ACTIVITIES

In past years, a variety of UMTA programs have provided important sources of support leading to innovations in technical, operations, planning and management areas. Exploring new methods and approaches in transit service delivery is increasingly important, but like any R&D activity, it carries a cost and degree of risk which should be properly underwritten.

In the past, UMTA has, through its Section 3(a)(1)(c), 4(i), 6 and other programs, provided a basic and singular source of support for these activities. In fact, one of the strongest initial themes of this Administration's approach to UMTA program management was to expand the "technical assistance" sphere of UMTA activities. Plans were also proceeding to do so in closer cooperation with the industry and APTA. Now suddenly this theme has been abandoned and largely reversed.

Concerns voiced by both transit operators and manufacturers clearly suggest that federal support for basic research, development and demonstration activities in transit has been and will continue to be important to the improvement of transit services and equipment. These needs must not be forgotten in deliberations over major UMTA program levels.

FY 1986 BUDGET PROPOSALS

In the face of a growing backlog of transit investment requirements, current budget proposals for transit represent a dramatic reversal of past federal policy, the consequences of which will be devastating in rural and urban communities across the country.

The Administration's Budget and Its Impact

The initial budget proposal offered by the Administration was designed to effectively eliminate the federal mass transit program in a single, immediate step. The budget proposed a one-year, 70 percent reduction in total UMTA funding, the elimination of all operating assistance, the removal of all general fund support for transit, a prohibition on federal support for new system development and reductions in basic research and development activities.

As part of our assessment of the impacts of such a proposal on public transit systems and the communities they serve, APTA undertook a survey of its membership. The results of the survey were made available in February, and they verified what any informed observer would conclude, that if such a proposal were enacted, public transit services would begin an immediate, unavoidable and massive decline. A detailed summary of the survey results was sent to members of the Subcommittee and to the Administration. A copy of the summary is attached to this statement in Appendix A.

To our amazement, the reaction of the Administration to our impact assessment has been particularly volitile and, at the same time, without substance or merit. Claiming that the survey results represented an "overreaction" and an "exaggeration," UMTA has provided only anecdotal information--much of it incomplete and misleading--to support this contention. We are unaware of any effort by the Administration to systematically analyze the impacts of its proposed budget before it was submitted to Congress. Certainly no such analysis has been shared with the industry. In our eyes, it is irresponsible to claim, as UMTA Administrator Stanley has before this Subcommittee that, "public transportation will be strengthened by this budget proposal."

In order that there be no doubt or confusion about the impacts of immediately and dramatically slashing the federal transit program, we have since published a document which contains not only the survey summary, but the individual survey responses themselves, results of an independent survey by the Conference of Mayors (which closely matches APTA's survey results) and hundreds of news clippings from across the country. This material clearly chronicles the disasterous effects of the Administration's original transit budget. This document, entitled "Outcry," was presented to this Subcommittee on April 19th and contains an unmistakable message which we hope will be considered during the Subcommittee's upcoming deliberations on 1986 transit funding levels.

Fortunately and wisely, the Administration's original budget proposal was totally discredited and set aside early in the budget process. Congress has since taken the lead in attempting to fashion a compromise spending plan.

Senate Budget Committee Plan: Freeze

In its early deliberations, the Senate Budget Committee took action which demonstrated clearly the importance of and Congressional support for the federal transit program. In approving its original budget proposal, the Committee voted to freeze transit spending at 1985 levels, a measure we strongly supported. Unfortunately, the need to arrive at a budget compromise with the White House has overshadowed the Committee's original effort, again placing a number of domestic programs, including transit, in considerable jeopardy.

Senate/White House Compromise

The compromise budget worked out between the Senate Republican leadership and the White House represents a substantial withdrawal from the Budget Committee's original freeze for transit. It calls for immediate reduction of nearly 25 percent in overall transit funding for fiscal 1986. In the outyears, the proposal picks up directly the intent of the Administration's original budget plan to eliminate the transit program:

- federal operating assistance will be terminated, over 5 years;
- general fund support for transit capital will be reduced 40 percent by 1988;
- the discretionary capital program will be eliminated, with gas tax revenues from the Mass Transit Account of the Highway Trust Fund capped at $1.1 billion and distributed by formula.

The only difference between this proposal and the original White House budget is timing. Where the Administration's budget would have created an immediate catastrophe, the compromise promises a prolonged agony for most of the nation's transit systems and riders.

As members of this Subcommittee know, public transit systems operate with virtually no margin. There is no excess revenue to cushion immediate and continuous annual reductions in federal funding; there are few, if any, service adjustments that can be made broadly enough to absorb the losses without the breakdown of regional services and mobility; there are very few instances where planned expansion of service can be foregone without seriously jeopardizing future mobility and economic growth in the nation's fastest growing areas.

Past federal funding reductions have already created a situation in which the badly needed capital investment cannot keep pace with well-documented needs. As a result the backlog of urgent capital investment requirements continues to increase. Similarly, the freeze on federal operating assistance since 1983 has placed constant pressure on operating budgets. Continued reductions in overall federal aid in the range of 20 to 25 percent per year will most assuredly precipitate an unavoidable decline in the quantity, quality and effectiveness of public transit services, nationwide. This will come at a time when actions ought to be taken to strengthen, expand and ensure the long-term viability of public transit in America.

We urge members of the Subcommittee to treat the federal transit program, and those who depend on it, fairly and equitably by supporting a broad-based freeze in federal spending and to vote against passage of budget reconciliation instructions which essentially take the responsibility for program spending decisions away from those of you who are most experienced in balancing investment in the nation's transportation infrastructure.

ADMINISTRATION ARGUMENTS ARE NOT CREDIBLE

In submitting its original 1986 budget proposal for transit, the Administration prepared material which purported to serve as a rationale and justification for the drastic reductions being proposed. Nearly identical information was again disseminated to support the compromise budget proposal now under consideration in the Senate.

As we have stated repeatedly in earlier appearances before Congress and this Subcommittee, there is, in fact very little in the way of well-reasoned or well-constructed rationale for slashing the fiscal 1986 transit budget. Administration documentation provided to Congress contains only general ideological themes that have been heard before and have proven to be unsupportable, and occasional anecdotes which in no way accurately represent the norm in the transit industry or the federal transit program.

More importantly, much of the information contained in the Administration's justification is incomplete, misinterpreted or incorrect. Several of the most troublesome examples are noted below. They illustrate that the arguments and rationales provided by the Administration are simply not credible.

Administration's General Rationales are Not Supportable

Federal Role. The heart of the rationale for withdrawing federal transit support is a vague intergovernmental philosophy left over from the Administration's new, "new federalism" concept which states there is no federal interest or role in transit, that transit is a strictly local matter. Both history and recent actions by the Administration, itself, clearly indicate that the reverse is true:

-- For twenty years, the federal government has articulated, refined and reinforced the significance of transit and the vital nature of the federal interest. The statutory objectives and purposes for the transit program are built around issues of undeniable and broadly accepted national interest, both social and economic;

-- Transit providers are called on directly by law and regulation to ensure the achievement of worthy national policies, often at considerable added cost. Buy America, civil rights, environmental protections, minimum wages, and guarantees of service as well as low fares to the elderly and disabled are just a few examples of worthy federal objectives served by transit which influence transit costs and revenue-raising potential.

-- Finally, despite the vague insistance by OMB that there is no federal interest or involvement in local transit operating decisions, this

> Administration's own Justice Department went to the Supreme Court to insist that federal wage requirements under the federal Fair Labor Standards Act be applicable to transit.

It is ironic also that other of the Administration's proposed FY 1986 budget actions will significantly increase costs to transit operators at the same time federal support is withdrawn. The proposal to withdraw federal support from AMTRAK--a questionable recommendation in its own right--will automatically add costs of $82 million or more to the budgets of four major east coast systems who must take over operations on portions of the Northeast Corridor.

It should be obvious that the intergovernmental philosophy on which this budget is based is simply wrong and, more to the point, strongly contradicted by the deeds of the Administration itself.

Cross-Subsidies and User Fees. Another general argument made by the Administration is that cross-subsidies at the national level are not warranted or supportable, and must be eliminated. This argument, however, disregards the basic nature and one of the fundamental premises of the American federal system of government.

For the better part of this nation's history, members of one group or interest have taken pride in supporting the interests and needs of another group. These economic and social interrelationships lie at the core of our nation's greatness and no simplistic ideology can or should be allowed to indiscriminately break them apart.

A related argument offered by the Administration suggests that federal support is unwarranted where direct users do not pay fully for the service they receive. Again, several points can be made:

-- Direct transit users pay 40 percent of the operating cost through the fare box; indirect beneficiaries--state and local residents--pay another 47 percent; nearly 70 percent of the UMTA program is equitably returned to areas via a formula which is based on population and extent of service in the region. It should be clear that users and beneficiaries are paying their fair share and receiving a fair level of support from the federal transit program.

-- A narrow user-fee philosophy should not be the primary test of the need for or legitimacy of programs or policies, as the DOT budget implies.

A host of major programs of long-standing federal interest require citizens of one region to support the needs of citizens in another, all to achieve undeniable national social and economic goals, e.g. non-users support tobacco and other agricultural subsidies; childless couples and individuals pay property and other taxes to support education; the midwestern farmer's taxes support coastal zone management and Coast Guard activities. The list can go on and on and would include the fact that more populous states heavily subsidize the extensive federal aid highway costs of less populous states. Even in the private sector, cross-subsidies frequently and necessarily exist among productive units of a single organization.

This is a highly integrated society in our social, economic and governmental interdependencies. Major federal policy, budget and investment decisions driven totally by a user-pays mentality are naive, disruptive and divisive. These interdependencies are precisely why an acceptable budget proposal must treat all segments of our society and economy fairly and equitably.

Specific Administration Arguments are Not Credible

A whole host of specific claims made by the Administration in support of drastic reductions in transit assistance are either not valid or misrepresent the facts. A few examples, serve to indicate the lack of credibility in the budget justifications presented to Congress.

CLAIM: Operating assistance has negatively affected transit performance and productivity.

FACT: The availability of federal operating assistance has actually corresponded with dramatic increases in performance and productivity.

Between 1975 and 1980, the period during which the federal operating assistance program began and peaked, major improvements in transit productivity occurred:

-- Passengers carried per employee increased 14 percent

-- Passengers per vehicle mile increased 18 percent

-- Real costs per passenger declined 15 percent

-- Real expenses per vehicle mile remained unchanged

This contrasts dramatically with experience prior to 1975 when no federal operating aid was available and trends in these key indicators were negative.

The OMB analysis is flawed because it is based on a 1970-1983 time frame which is largely irrelevant when trying to assess the impacts of a program begun in 1975.

CLAIM: Operating assistance funds went for unjustified uses such as excessive labor compensation.

FACT: Operating assistance supported precisely the objectives set forth by Congress--service was expanded, ridership was increased and fares were held at reasonable levels.

Specifically, labor compensation patterns in transit have been extremely positive when contrasted with other sectors of the economy

-- From 1976 through 1984, the percentage wage increase for bus operators has been equal to or less than the wage increases of other workers under major labor contracts for every single year. This occurred while the federal operating program grew to its peak and while ridership reached its all-time, post-war high;

-- Since 1977, top hourly wage rates in the 25 largest systems declined 6.4 percent relative to the 1975 CPI base;

-- Department of Labor data indicate that in 5 of 7 years from 1976 to 1982, the average transit wage increase was less than that provided by labor agreements in 9 out of 10 other heavily-unionized industry groups.

The Administration claims about laxity in controlling labor costs are false. Transit managers have been prudent managers of federal funds.

CLAIM: Transit support does not benefit the low income or disadvantaged.

FACT: The Administration's own report to Congress, "The Status of the Nation's Local Public Transportation: Conditions and Performance," submitted in September, 1984 dramatically contradicts this contention by OMB.

The DOT report, mandated by Section 310 of the Surface Transportation Assistance Act of 1982, indicates:

-- 40 percent of transit riders have incomes below the poverty level ($10,000)

-- 71 percent have incomes below $20,000

Recent figures collected by APTA strongly confirm those contained in the DOT report and also indicate:

-- 28 percent are in age categories (under 16 over 65) with limited access to automobiles

-- 60 percent of transit riders are female

-- 40 percent of transit riders are minority

OMB data on income levels are flawed because they are drawn from a 1977 study whose data is at least 8 years old and do not account for either the effects of the last energy crisis or the recent recession.

National policy should not be dependent on such out-dated information. Current data shows transit is a vital element in the social safety net.

CLAIM: State and local support can be increased because there are now sizeable budget surpluses.

FACT: State and local officials have repeatedly demonstrated that state and local budgets cannot absorb the federal domestic cuts being proposed.

-- State 'surpluses' have increased largely because of emergency tax measures and emergency service cuts enacted during the depths of the recession as a matter of prudent and responsible management of a major fiscal crisis;

Continued sound and responsible management requires that these actions be reversed and basic service levels be restored before new responsibilities can be shouldered;

-- The total end-of-1984 state 'surplus' was $6.3 billion, 3.9 percent of budget. This is still substantially below the 5 percent figure Wall Street deems a safe, prudent margin;

-- Only 18 states had a 'surplus' over 5 percent at the end of 1984; only 8 states accounted for half of the 'surplus;'

-- The projected 'surplus' will fall in 1985;

-- With respect to transit, of the 18 states with a 'surplus' over 5 percent, only 4 can be considered major transit states;

-- The largest percentage 'surpluses' occur in states typically without major transit needs.

It is inaccurate to suggest state and local government are able to shoulder the domestic cuts being proposed.

CLAIM: Transit services can be restructured to absorb federal funding reductions with minimal adverse impacts.

FACT: Individual systems indicate the withdrawal of federal support would have major consequences on levels of service:

-- 20 percent would be forced to consider closing down;

-- 88 percent will be forced cut service dramatically:

-7 of every 10 systems will cut services more than 20 percent

-Nearly 1 in 3 systems will cut service more than 50 percent

-1 system in 7, mostly in smaller areas under 200,000 population, will cut service 90 percent or more;

-- 70 percent would be forced to forego the purchase of new bus vehicles. This, despite the fact that over 30 percent of the nation's transit bus fleet is past its useful economic life of 12 years.

Other impacts of major reductions in federal funding are summarized in Appendix A. Contrary to OMB suggestions, the effects are far from minimal.

CLAIM: The nation cannot afford to build fixed rail systems.

FACT: The reverse is true; the nation cannot afford not to build high capacity systems and services to support growth and mobility needs in many of our nations largest urbanized areas.

The Administration has consistently shown a preoccupation for the short-term bottom line and has consistantly failed to recognize the economic and social importance of long-term investment in basic public services and facilities.

New transit systems represent investments that will serve for 50-100 years, and commitments should not be restricted solely by the size of a current funding source that the Administration wishes to dramatically reduce.

CLAIM: Transit ridership dropped from 8.9 percent of worktrips to 6.4 percent from 1970 to 1980

FACT: Overall transit ridership increased over 12 percent, from 7.3 billion trips to 8.2 billion trips between 1970 and 1980.

From the low point in 1972, total ridership increased over 25 percent.

OMB claims represent the misuse of a single national aggregate statistic to purposely misrepresent ridership trends. Consider the following:

-- Worktrips represent only 50-60 percent of transit use and, therefore, cannot be used to reflect total ridership trends;

-- If the worktrip ridership declines reported in just three areas, including New York, and Philadelphia, are subtracted from the Census figures used by OMB, the result is an increase in the percent of worktrip transit use for the entire rest of the nation from 1970 to 1980.

Certainly no one can argue that whatever declines may have taken place in New York or Philadelphia reflect a diminishing importance of transit in those regions.

-- The simple national aggregate figure disguises the incredible increases in the percent of worktrips on transit in regions in the south and west from 1970 to 1980 often over 100 percent.

The OMB statements provide a very incomplete and erroneous picture of transit ridership trends.

It should be clear from these few examples, that the Administration's rationales for drastically reducing the federal transit program are based on incomplete and inaccurate anecdotal information and questionable ideology. In short, the rationale and justification provided by OMB and UMTA are not credible and should not be used as the basis for deliberating either transit funding levels or national transportation policy.

FLOW OF FUNDS IN THE UMTA PROGRAM

In recent months, various UMTA officials have alluded to large amounts of "carryover" funds and "unexpended balances" in the UMTA program. These claims have led to suggestions that such funds constitute a "cushion" against proposed spending cuts.

Despite the absence of detailed data from UMTA, APTA has undertaken an assessment of the "carryover" and "unexpended balance" issues. Appendix B contains a background paper that goes into some detail, indicating that the characterization being provided by UMTA officials is erroneous and purposely misleading.

Carryover

"Carryover" results when funds apportioned in a given year by formula are not approved in an UMTA grant during that same year.

The amount of funds now being carried over, as reported by UMTA is less than 9 percent of all formula funds made available since 1975. The actual amount and percentage may be far less since our assessment indicates a considerable amount of these funds are already contained in grant applications that are in UMTA's hands wainting for approval. Certainly this should not be construed to be a major problem.

The existence of carryover also cannot be considered a problem and certainly cannot be construed to represent a "cushion" against future funding cuts. The major reasons such a claim is untrue are:

1) Transit capital needs have long exceeded available funds; further cuts broaden this gap, carryover does not fill it;

2) Carryover occurs because:

   a) transit capital needs are not uniform year-to-year, they are "lumpy". Several years' apportionments may be needed to fund a project 2 or 3 years hence.

      UMTA requirements for 5-year capital improvement plans (TIPs) clearly illustrate this. Figure 1 highlights this "lumpiness" and indicates why carryover in any given year cannot represent a cushion for future cuts.

   b) Some projects are too large to be funded from a single year's apportionment; prior year funds must be accumulated.

   c) Congress, by statute has encouraged and promoted carryover in allowing apportioned funds to remain available for 4 years. This provides vital flexibility at the local level.

   d) UMTA ultimately controls, through regulations that govern capital programming and the grant approval process, how quickly funds are obligated and, therefore, how much remains as "carryover."

      Long-standing delays in grant approval actually create "carryover." Confusion and poor communication with grantees over the meaning and application of policy, procedure and regulation greatly aggrevate this problem.

   e) Appendix B describes a host of other reasons that "carryover" exists

3) "Carryover," is in fact a prudent management tool, which

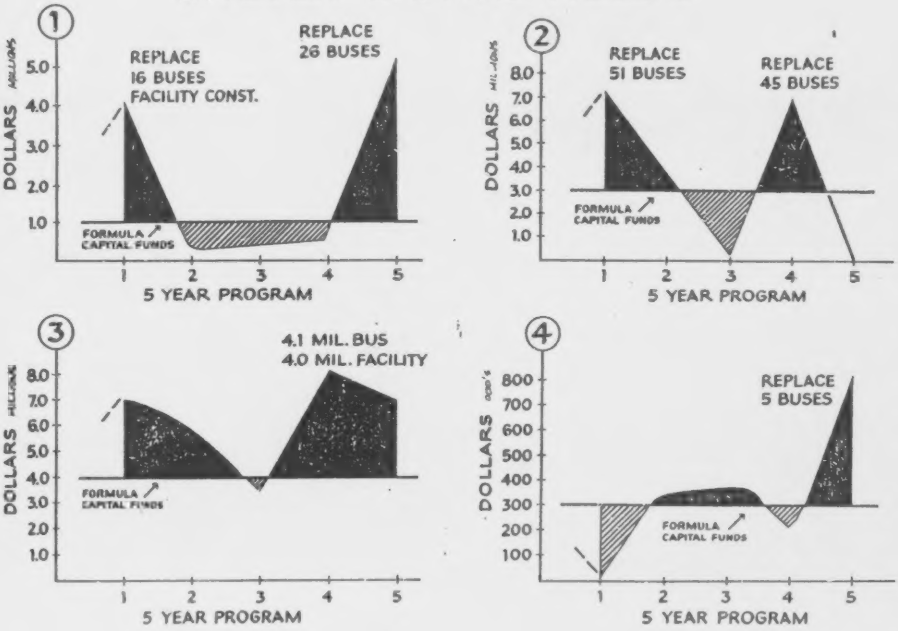
allows more reasoned planning, judgement and flexibility in local decision-making.

Unexpended Balances

"Unexpended balances" are funds that have been approved in UMTA grants but which have not yet been outlayed or paid out by the U.S. Treasury.

FIGURE 1

UNEVEN CAPITAL NEEDS



"Unexpended balances" are predictable, based on historic outlay rates for various types of federally-funded projects. The suggestion that unexpended balances in transit represent a "cushion" against future funding cuts is totally false.

1) The average outlay period for transit capital funds is 6-years--the same as or shorter than for other federally-funded capital programs (e.g. sewer construction, airports, highways, etc.)

2) The size of the current "unexpended balance" in the transit program is within 10-15 percent of the predicted amount, based on historic outlay rates. Certainly this should not be construed to be a major problem.

3) The vast majority of funds counted as "unexpended" by UMTA are, in fact, already committed to projects at the local level through contracts and bid awards. These funds are not available to fund future needs and projects and provide no "cushion" whatsoever.

4) UMTA, in many cases, slows the expenditure of funds by:

failing to intervenue to resolve bid protests which delay contract award and project implementation; delaying the approval and obligation of Section 3 discretionary funds until the very end of the fiscal year, thereby lengthening to the outlay cycle; forcing protracted grant contract negotiations on major projects which delays the bid process, project implementation and expenditures.

In summary, any implication that carryover or unexpended balances somehow will ease the pain of future funding cuts is totally false. To the extent that carryover or unexpended balances exist in individual areas unique and legitimate circumstances are often responsible. Reduction in the total formula program and cuts in all areas is a highly inappropriate and unfair response.

TRANSIT'S PAST CONTRIBUTION TO DEFICIT REDUCTION: $2 BILLION, 1981-85

As suggested earlier, public transit operators and riders have made a substantial contribution to deficit reduction since the current Administration took office in 1981. Appropriations for the major federal transit programs totaled $3.718 billion in 1981 ($4.462 billion in 1985 dollars). Last year actual appropriation levels for these programs totalled only $3.570 billion. In 1985 dollars, transit funding has been reduced $892 million since 1981--a 20 percent reduction and nearly a billion dollar contribution to deficit reduction.

In addition, $1.2 billion in gasoline tax revenues accruing in the Mass Transit Account of the Highway Trust Fund will have been denied to transit systems by the end of 1986 under existing authorization limitations. Inability to utilize these funds brings the total transit contribution toward deficit reduction over $2.0 billion even if 1986 funding were frozen at 1985 levels.

If other programs and budget functions had made similar contributions, there likely would be no deficit problem today. Constructing a fair and effective budget for 1986 should include consideration of the substantial contributions already made in the transit program.

CONCLUSION

The Administration, since taking office, has sought to kill the federal transit assistance program. The rationales provided have proven to be superficial, misleading and often inaccurate; the very real short-term and long-term social and economic value of viable mass transit has been ignored; and, the critical positive role of the federal transit program has been totally discounted.

Budget proposals for fiscal 1986 are based on a continuation of these misguided policies, as well as a disregard for the principles of fairness and equity that must guide any real solution to deficit reduction.

The nation as a whole, our communities and the individuals and businesses served directly and indirectly by public transit require that balanced federal transportation policy and investment be maintained. To meet this important long-term objective and to satisfy the short-term need to reduce the budget deficit, we respectfully request the Subcommittee to provide for continuation of federal transit funding at 1985 levels and to support overall budget actions that will more equitably share the burden of necessary deficit reduction among national defense and domestic spending.

As always, APTA and its members stand ready to be of whatever assistance we can in support of your efforts on these critical issues. Thank you.

APPENDIX A

EFFECT OF REAGAN BUDGET CUTS ON PUBLIC TRANSIT IN AMERICA: OVER 150 CITIES NOTE THE DEMISE OF LOCAL PUBLIC TRANSIT

Public transit services in America will begin an immediate, unavoidable and massive decline if the Reagan Administration's proposed budget cuts are enacted. The future viability of public transit services in large and small communities across the nation was examined in a just-completed survey by the American Public Transit Association.

The survey was designed to gauge the impact of the 70% cut in federal transit support being proposed in the President's fiscal 1986 budget. The results of the survey are stunning, not just because the effects would be devastating, which was obvious at the outset, but because the effects will be felt in virtually every American community regardless of size as well as throughout the private sector.

In fact, the aggregate impact of the Administration's proposed transit cuts would cost 203,000 jobs and a loss of $8 billion in private business revenues. In addition:

- Riders will be stranded by the millions, including transit-dependent elderly, handicapped, low income and those too young to drive, as well as workers who have until now been able to leave their cars at home;
- Badly needed rehabilitation and maintenance investments will be delayed or foregone entirely, precipitating an even more rapid decline in service quality, rehability and safety;
- Major new capital investments badly needed to serve rapidly growing areas of the county where street and highway networks are already over capacity will be indefinitely delayed or abandoned;
- Massive service cuts will be inevitable with a considerable number of local area systems, both large and small, facing complete collapse;
- Where services can be retained, fares would have to be raised immediately, often to unprecedented levels just to maintain even skeletal levels of service.
- State and local governments will not be able to replace lost federal aid to avoid these consequences;

- American businesses which supply goods and services to the $15 billion-a-year transit industry would face plant and office closings, layoffs and revenue losses on a broad scale;
- Withdrawal of American companies from the transit market could leave the nation without the domestic capability to meet our future public transit and mobility needs.

These general observations have grown out of an analysis of survey findings, the major features of which are highlighted below.

Scope of the Survey

- Surveys were made of 152 transit systems which carry 75 percent of United States transit riders and represent a broad spectrum of systems of varying size from all regions of the country.
- Surveys were made of 63 manufacturers, suppliers, consultants, and other companies supporting the transit industry which employ over 40,000 workers.

Administration Budget Proposal for 1986

Basic Features

- Elimination of the UMTA Section 9 formula program for capital and operating assistance funded from general revenues (total reduction $2.450 billion)
- Elimination of the UMTA Section 3 discretionary program for major capital investments funded from the 1¢ of dedicated gas taxes in the Mass Transit Account of the Highway Trust Fund; diversion of the $1.1 billion in dedicated gas tax receipts to formula distribution for capital projects only, except new systems:
- Major federal transit programs immediately slashed 70% from $3.550 billion to $1.1 billion.

Specific Effects

- Immediate elimination of $875 million in operating assistance for the nation's 373 urbanized areas over 50,000 population;
- Immediate reduction of capital, operating and administrative assistance from $72 million to 32 million (56%) for 974 small urban and rural systems in areas under 50,000 population funded under the UMTA Section 18 program;
- Immediate elimination of $25 million in capital assistance to 858 non-profit providers of service to elderly and handicapped individuals under the UMTA Section 16(b)2 program;
- Immediate reduction of over $400 million in capital assistance for the nation's 373 urbanized areas over 50,000 population;
- Total withdrawal of federal capital support for new system development now being planned or designed in dozens of major cities throughout the country.

GENERAL FINDINGS OF THE SURVEY

- Drastic impacts from the proposed cuts are no longer limited to smaller systems which have traditionally been more dependent on federal support; transit systems, of all sizes their riders and the communities they serve, including those serving many of our nation's major metropolitan areas, will be dramatically effected as will business and industry;

- Transit systems were not asked directly if they would shut down, yet:
  - Nearly 20% noted specifically, on their own, that a shutdown was an imminent possibility;
  - Fully 90% used terms such as "catastrophic," "dramatic," "drastic," etc. in characterizing the effects of the proposed budget cuts in their region;
- Almost no where, either among transit system operators or businesses serving transit systems, is there a realistic expectation that any combination of increased local, state or private funding can replace the near total elimination of federal support.

DETAILED SURVEY FINDINGS: TRANSIT SYSTEMS

- When asked about the impact of total elimination of federal operating assistance, transit systems indicated:

...88% will be forced cut service dramatically

7 of every 10 systems will cut services more than 20%

Nearly 1 in 3 systems will cut service more than 50%

1 system in 7, mostly in smaller areas under 200,000 population, will cut service 90% or more

...82% will be forced to raise fares substantially

Nearly ¼ of those, mostly small systems, predicted increases of 90% or more

Nearly ½ projected increases of 50% or more

These increases will occur on top of a national average base fare of nearly 60¢, currently

...87% anticipate major declines in ridership; 6 of every 10 systems predict ridership losses of 20% or more

...the percentages of systems expecting major fare increases, service cuts and ridership losses was consistent among systems of varying size

...78% anticipated substantial reductions in mobility for transit-dependent populations in their areas

Direct effects on elderly, handicapped, low income and the young were noted consistently in areas of all sizes

...Nearly 2/3 predicted tangible, negative impacts on their local economies

- When asked about the impact of major reductions in federal capital assistance, transit systems indicated:

...70% would be forced to forego the purchase of new bus vehicles

This, despite the fact that over 30% of the nation's transit bus fleet is past its useful economic life of 12 years.

This response alone could kill the nation's **domestic bus** manufacturing industry, already on brink of **disaster from** 4 years of threatened federal withdrawal which has reduced the U.S. transit bus market from nearly **4,500 vehicles** per year in 1981 to less than 2,000 in 1984.

...30% would be forced to forego vital rehabilitation or replacement of maintenance facilities

This, despite the fact that

- 22% of the nation's bus maintenance facilities are over 60 years old
- 33% are over 40 years old
- 17% have severe capacity restricitons even at current operating levels

...5 regions would completely forego rail system construction

...5 existing rail systems would be forced to forego urgently needed major rail modernization activity

- The result of greatly reduced federal capital investment will exaggerate the overwhelming impacts of the elimination of operating assistance.

...58% indicate service levels will be further reduced by capital funding reductions

This effect is stronger in medium and larger areas where 68% of the systems responding note service reductions stemming from the loss of federal capital funding

...60% project declines in the quality and reliability of service, in addition to reduced levels of service

84% of the larger systems project decreases in service quality

...63% note that their ability to maintain equipment will be adversely affected by reductions in capital funding

- When asked whether or not local, state or private sources can be expected to make up for the massive cuts proposed in the federal program, the response was unequivocal, with virtually no variation among systems of different sizes

...Over 90% said neither local nor state sources alone could replace lost federal operating or capital aid

...79% said the combination of local and state sources could not replace lost federal operating aid; 90% said the combination could not replace lost capital assistance

...Most telling of all, when asked if combined local, state and private sources could make up the federal cuts...

77% said no, with respect to operating cuts
86% said no, with respect to capital cuts

DETAILED SURVEY FUNDINGS: MANUFACTURERS & SUPPLIERS

Private businesses which supply goods and services to the industry were also asked what impact the Administration's transit budget cuts would have on their businesses. The results indicate, without a doubt, the counter-productive nature of the proposed cuts in terms of fostering national economic stability and growth...

...70% view the proposed capital cuts as "severe" or "disasterous" for their business

...46% anticipate plant or office closings as a result of capital cuts

...87% project layoffs averaging 13% of their present personnel

...73% project immediate direct revenue losses of over $300 mil or close to $1 billion if multiplied throughout the entire economy

...45% anticipate withdrawal from the urban transit market

...89% do not believe local and state governments will be able to replace lost federal capital aid

Aggregate Economic Impacts of the Administration's Proposed Transit Budget

Based on detailed analysis of the economic impact of transit investments carried out by APTA in 1984 using Commerce Department data and models, the following impacts are projected:

For each $100 million of capital funding lost:

...a loss of 7,600 jobs
...a loss of $327 million in business revenues

For each $100 million in operating support lost:

...a loss of 9,600 jobs
...a loss of $305 million in business revenues

The aggregate impact of the Administration's 1986 budget proposal for transit, therefore, includes:

...a loss of support for over 203,000 jobs
...a loss of $8 billion in private business revenues

APPENDIX B: Background Paper

FLOW OF FUNDS IN THE FEDERAL TRANSIT PROGRAM: A REVIEW OF CARRYOVER AND UNEXPENDED BALANCES

INTRODUCTION

In recent months, a number of observations have been made by various Administration officials that drastic reductions in future federal transit assistance can be "cushioned" by currently available UMTA funds that have either not been obligated or not been spent. The existance of both unobligated "carryover" funds and obligated, but "unexpended balances" is, therefore, of critical importance in the current budget debate and deliberations over appropriation levels.

This paper represents an attempt to clarify the process by which UMTA funds flow to, and are expended by, recipients of federal transit assistance in order to show that these claims are incorrect.

SUMMARY OF FINDINGS

After reviewing how federal transit funds flow and the factors that affect the flow of funds, several major findings have emerged:

1) The presence of "carryover" funds and/or the existence of "unexpended balances" in already approved grants definitely do not represent a "cushion" to absorb proposed reductions in future federal transit support;

2) Similarily, the presence of "carryover" and "unexpended balances" at any given time cannot be interpreted to mean that funds are not needed or that funds are not well-managed by grantees;

3) The amount of UMTA funds being carried over is small -- less than 9% of all formula funds made available by UMTA;

4) "Carryover" funds exist because of three major factors:

   a) federal law allows and, in fact, promotes carryover;

   b) uncertainties in and delays due to federal transit program management create carryover; and,

   c) local circumstances and prudent management dictate against the immediate commitment of all current-year funds. Outyear needs often require the accummulation of several years' apportionments.

5) "Unexpended balances" reflect well-established rates of expenditure. The 6-year spend-out period for transit projects is similar to or shorter than other federally-assisted capital programs;

6) Because the expenditure rate for transit projects is predictable, therefore, the amount of "unexpended balance" at any point in time is predictable. The current amount of "unexpended balance" is very near predictable levels;

7) In certain instances, significant delays in the expenditure of funds result from UMTA program policy, procedure and management practice.

Finally, in addition to the inherent delays in a program as complex as the federal transit program, it must be noted that the Administration itself can create "carryover" and delay expenditures by purposely or coincidently frustrating or delaying the flow of funds. Although top UMTA officials typically suggest that all actions which have the effect of delaying obligations or expenditures are undertaken under the guise of better program management and administration, the question is an open one.

DEFINITIONS

The terms "carryover" and "unexpended balance" are part of the lexicon of the standard federal funding process. Figure 1 illustrates the full process as it is applied to public transit. Four major steps are involved, the products of which are identified at the bottom of the diagram.

It is important to note that federal regulations guide and often dictate the first two major steps, system planning and capital programming. (See 23 CFR Parts 450, 630 and 49 CFR Part 613) Only when these federal requirements have been satisfied, along with a host of others, can approvable grant applications be submitted and projects actually implemented.

"Carryover"

Carryover is related to the flow of formula funds. Each year Section 9 (and previously Section 5 and Section 9A funds) are apportioned to 373 Urbanized Areas over 50,000 population by statutory formula. Each year the designated recipient of UMTA funds in the area, usually but not always a transit authority, submits a grant application to use some or all of these funds. The size of the grant and the timing of grant approval may produce one of two results:

1) If a grant is approved by October 1, funds are OBLIGATED for the current year; i.e. the federal government incurrs an obligation;

2) If no application is submitted, OR if the application is not approved by October 1, OR if the application is for less funds than apportioned to the area for the year, the result is "CARRYOVER" i.e. unobligated funds which are then carried-over for use in any of the next three year(s);

"Carryover," therefore, is associated with the apportionment/ grant application/approval portion of the process shown in Figure 1.

"Unexpended Balance"

Following grant approval and the "obligation" of funds, a series of project implementation steps are begun. As projects proceed, payments are made to contractors, etc. from U.S. Treasury accounts established following grant approval. At any point in time (quarterly, annually etc.), an accounting will show either cumulative EXPENDITURES, or "UNEXPENDED BALANCES."

"Unexpended balances" are, therefore, associated with the project implementation portion of the process and are a separate issue from "carryover."

DATA ON THE FLOW OF FUNDS

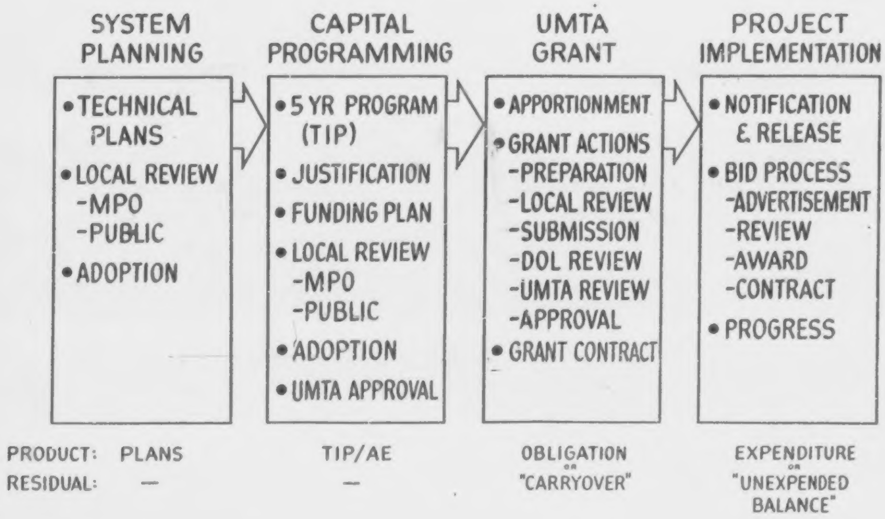
To assess whether or not funds are flowing reasonably or unreasonably, and to arrive at the implications of such an assessment, data from several years is required. This information is necessary so that trends can be analyzed and reasonable interpretations can be made about current circumstances.

On four separate occasions, September 19, 1984, November 28, 1984, January 25, 1985 and March 15, 1985, APTA formally requested, in writing, data on the current and historic flow of funds from UMTA. No formal response has yet been received and only a limited smattering of information has been provided.

On March 25, 1985, a Freedom of Information Act Request was filed with UMTA in a final effort to gain access to data critical to the analysis. A proforma acknowledgement of the FOI request was received on April 9, 1985, but, as yet, no data has been provided.

In the absence of a formal reply from UMTA, exhaustive efforts were made to assemble enough information to undertake a credible review of the carryover and unexpended balance issues.

FIGURE 1
STEPS IN FUNDING TRANSIT:


SYSTEM PLANNING
• TECHNICAL PLANS
• LOCAL REVIEW
-MPO
-PUBLIC
• ADOPTION
CAPITAL PROGRAMMING
• 5 YR PROGRAM (TIP)
• JUSTIFICATION
• FUNDING PLAN
• LOCAL REVIEW
-MPO
-PUBLIC
• ADOPTION
• UMTA APPROVAL
UMTA GRANT
• APPORTIONMENT
• GRANT ACTIONS
-PREPARATION
-LOCAL REVIEW
-SUBMISSION
-DOL REVIEW
-UMTA REVIEW
-APPROVAL
• GRANT CONTRACT
PROJECT IMPLEMENTATION
• NOTIFICATION & RELEASE
• BID PROCESS
-ADVERTISEMENT
-REVIEW
-AWARD
-CONTRACT
• PROGRESS
PRODUCT: PLANS
RESIDUAL: —
TIP/AE
—
OBLIGATION
OR
"CARRYOVER"
EXPENDITURE
OR
"UNEXPENDED BALANCE"

HOW MUCH "CARRYOVER"?

Available figures indicate that approximately $12.2 billion in formula assistance has been made available since 1975 and that less than 9% of that is being carried-over. Expressed differently, 92% of all formula funds have been obligated through the approval of UMTA grants.

Figure 2 provides a comparison of total funds and estimated carryover for each formula program and various time periods. The figure also shows current performance in applying for carryover funds by indicating how "carryover" balances available at the beginning of 1984 were drawn down during 1984. Section 5 carryover was reduced 55 percent; Section 9A carryover was reduced 51 percent; Section 9 funds, in the first year of availability, were 80% obligated.

By any interpretation, this experience and pattern in the commitment of available UMTA funds is positive. The size of the "carryover" is small relative to the amount of funds appropriated by Congress and apportioned by UMTA.

Carryover is Overestimated

Although it is impossible to accurately estimate without detailed data, the actual total amount of carryover identified in Figure 2, $1.0 billion, is certainly an overestimate in terms of the current status of funds. The $1.0 billion figure includes both:

1) funds in grants currently held by UMTA and awaiting approval; and,

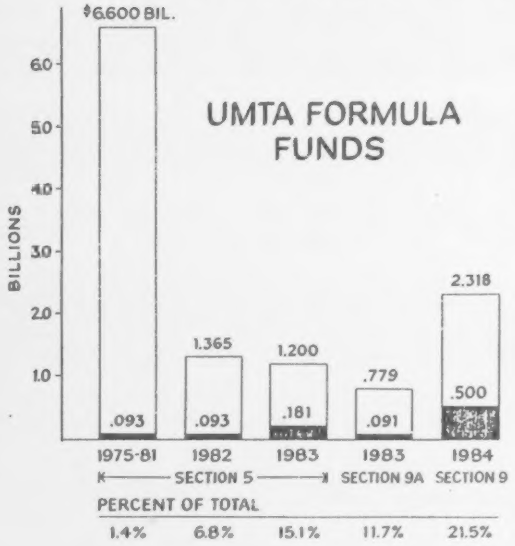
2) funds which will be requested by October 1, 1985 but for which final applications have not yet been submitted.

In order to estimate the extent to which UMTA's carryover figures from October, 1984 may represent an overestimate, efforts were made to contact a number of systems to check on the current status of carryover. During the week of April 22, over 30 medium and small systems were contacted. These systems were selected because, according to UMTA, they apparently had either the largest amounts of carryover or the highest percentage of carryover relative to their apportionment. The results of these inquiries are extremely important in understanding the carryover issue:

1) The systems contacted had over $167 million in carryover on October 1, 1984 according to UMTA figures;

FIGURE 2

"CARRYOVER": HOW MUCH?



OVERALL CARRYOVER 1975-1984

- $12.2 BIL. AVAILABLE SINCE 1975
- $1.0 BIL. CARRYOVER
- LESS THAN 9% OF ALL FUNDS
- LESS THAN 4% OF SECTION 5

1984 EXPERIENCE

- SECTION 5 CARRYOVER REDUCED 55%
- SECTION 9A CARRYOVER REDUCED 51%
- SECTION 9 80% OBLIGATED

2) Roughly 2/3 of the $167 million is available for capital projects only;

3) 30% of the systems contacted questioned the accuracy of UMTA's figures;

4) Three-quarters of the systems said UMTA had made no attempt to reconcile carryover figures with them;

5) Over $70 million of the estimated capital carryover is contained in grants that now are in UMTA's hands for action; this is over 40 percent of the $167 million in total estimated carryover cited by UMTA;

6) Over $35 million of the estimated carryover will be incorporated into grants that will be submitted before the end of the current fiscal year; this over 20 percent of the total estimated carryover cited by UMTA;

Consequently, nearly 2/3 of the estimated carryover at the end of fiscal year 1984 has already been or will be applied for in 1985:

7) The most often cited reason for carryover of capital funds was the need to save funds for future projects;

While the information gathered so far is only partial, it very clearly confirms the fact that the carryover figures from October 1, 1984 greatly overstate the current situation and strong efforts continue to be made to draw down carryover. The findings also point to the misconceptions introduced by looking at figures from a single point in time.

WHAT CONTRIBUTES TO "CARRYOVER"

Carryover results from three very different combinations of factors:

1) Statutory provisions in the law allow for, encourage and promote carryover;
2) Federal program management practices, to the extent they delay both capital programming and grant approval, cause carryover;
3) Local factors and influences make carryover of current year funds and the husbanding of all resources a prudent management practice.

Figure 3 and the following discussion highlight the most significant of these factors:

Statutory Factors

1A. The law allows funds to remain available for three years following the year they were appropriated. This was done in recognition of several factors, i.e. that funding needs vary year-to-year, that it is prudent to have flexibility in the use of funds, etc. The result is that Congress provided for funds to be carried over to allow prudent management and planning over the multi-year periods necessary to carry out transit capital projects.

1B. The amount of formula funds increased by 44% in 1983. Restructuring by the STAA and jobs bill funding increased formula funds. The initial result has been an expected but much smaller increase -- 30% or so -- in total carryover.

1C. The statutory formula apportionment provides funds to areas which have no system, or to systems which may choose not to shoulder regulatory burdens. These funds are not available for use elsewhere for four years. Apportionments to areas are appropriate since the costs to begin a new system may require accumulation of apportionments from several prior years. This feature facilitates the creation of new systems and services.

Some $20 million of carryover is associated with smaller areas that have no service. A similar amount of carryover is associated with areas which have chosen not to apply for UMTA funds but who in the future may have need of these funds.

1D. Transfer of funds that are not going to be obligated (see above) is the statutory perogative of the Governor, for areas of less than 200,000 population. To some extent, the carryover in areas under 200,000 population is due to state inaction in taking advantage of this transfer provision in the law.

Some $350 million of carryover is associated with areas under 200,000 population.

Federal Program Management Factors

2A. UMTA grant approval processes are complicated and time-consuming. 1984 grant approvals required an average of 160 days according to a GAO survey; over 20 percent of grants took 240 days to approve. To the extent these time frames carry beyond October 1, "carryover" is an automatic result.

FIGURE 3

"CARRYOVER": CONTRIBUTING FACTORS

STATUTORY
- LAW ALLOWS 4 YEARS: PRUDENT, FLEXIBLE
- PROGRAM STRUCTURE PROMOTES CARRYOVER
  - -E.G, APPORTIONS FUNDS TO AREAS W/O TRANSIT
  - -LIMITED USE OF GOVERNOR'S AUTHORITY TO TRANSFER
  - -INCREASE IN FORMULA FUNDING LEVELS

FEDERAL PROGRAM MANAGEMENT
- LONG GRANT APPROVAL PERIODS
- UNCLEAR CONTENT AND APPLICATION OF REGULATION, POLICY, PROCEDURE
  - -SINGLE GRANT
  - -(3) / (9) RELATIONSHIP
  - -DBE, SPARE RATIO, PRIVATES, CURRENT—PRIOR FUNDS
- CONFUSION OVER REGION, HQ ROLES
- FAILURE TO REAPPORTION LAPSED FUNDS
- DOL, OMB ACTIONS

LOCAL FACTORS & INFLUENCES
- CAPITAL NEEDS ARE NOT UNIFORM YEAR-TO-YEAR
- MAJOR PROJECTS REQUIRE SEVERAL YEARS FUNDS
- FISCAL YEAR VARIATIONS
- UNCERTAINTY, CAUTION, CONFUSION
  - -STATE, LOCAL FISCAL STRESS
  - -FEDERAL BUDGET CLIMATE
  - -FEDERAL PROGRAM POLICY & PROCEDURES

2B. Preparation and approval of grants is made more difficult and delayed by unclear communication between UMTA and its grantees on matters of policy, procedure and regulation. Frequently, a cycle of grant submission, review, revision and re-review is required by UMTA. Often the cycle is triggered by interpretation of policy for which there is no implementing guidance or regulation, imposition of procedure for which there is no current or formal written policy or guidance or by regulations that are simply highly complex.

The result is that grant approval can be much longer and more time consuming process than desired or necessary and is a process whose length is ultimately controlled by UMTA.

2C. Final approval authority and steps creating approval authority are the responsibility of UMTA headquarters in Washington rather than the regional offices. In the past, regions had been delegated fairly extensive authority for grant approval. This authority has been largely withdrawn and all grant approval notifications now require the signature of the Administrator rather than the (10) regional administrators.

The necessity of moving every grant action through Washington is bound to slow the process. By contrast the Federal Highway Administration has long ago delegated virtually all approval authority to its division offices (one in each state capital) and few, if any, grant actions are handled in Washington.

2D. UMTA has failed to reapportion funds that have lapsed, therefore, directly creating carryover. The majority of UMTA formula funds are required by law to be reapportioned at the end of their 4-year availability, if they remain unobligated. Reapportionments should have been made beginning in 1979 and every year thereafter. No reapportionments have ever been made, however.

The result may be nearly $120 million in carryover of lapsed funds created directly by UMTA's failure to reapportion funds.

2E. UMTA staff may be insufficient to handle the workload. UMTA staff must oversee grantee planning, programming, grant submissions, procurement actions, project management and financial transactions, civil rights compliance, environmental review plus several other functions for six major programs (Sections 3, 5, 9A, 9, 18 and 16(b)2), as well as other programs.

At the same time new responsibilities are being added (e.g. "triennial reviews" of each grantee required by Section 9 (g)2 of the STAA, each of which may take 2 person-weeks or more to conduct).

UMTA organizational structure, workload and grant approval procedures contrast markedly with FHWA, and perhaps contribute to delays in the flow of UMTA funds. For example:

- UMTA has twice the dollar workload per employee as FHWA ($8.3 million/employee vs. $4.1 million per employee);
- UMTA has seven times more clients than FHWA (350 + vs. 52) but five times fewer field offices (10 vs. 52). The client-to-field office ratio is 35/1 for UMTA and 1/1 for FHWA;
- UMTA has less than 1/3 of its staff in the field; FHWA has over half;
- UMTA encourages a single formula grant application containing multiple projects. As a result, no one project can go forward without all others being ready;

  FHWA practice is the reverse; approval actions are broken down to projects and sub-components to facilitate rapid approval and obligation. FHWA is estimated to handle 12,000 separate approval actions a year.

In the face of what is acknowledged to be a much slower and more cumbersome process, UMTA has proposed major staff reductions regardless of the outcome of the budget deliberations.

2F. Both OMB and the Department of Labor are required to take actions before UMTA can approve grants and obligate funds. OMB must create the quarterly authority for current year obligations and notify UMTA; DOL in Washington must act on or certify for each grant that there will be no adverse effects on transit employees.

Both these aspects of federal program management slow the obligation of funds.

Local Factors

3A. Capital needs are not uniform from year-to-year. The age of a bus fleet may require vehicle replacement in groups at regular intervals; major maintenance facility investment needs occur intermittently and predictably for individual systems. These types of out-year investment requirements are routinely programmed into 5-year capital programs.

To meet "lumpy" investment needs several years funds must often other be accumulated.

3B. Major projects cannot be funded with a single years apportionment. A new maintenance facility may cost $5-10 million or more. Several years' apportionments often must be accumulated to support these projects, particularly in smaller systems.

3C. Fiscal years often vary between the federal government (October-September) and state and local government (July-June, October-September or January-December). Among transit properties, 34% operate on a January-December schedule, 5% on April-March, 46% July-June, and 15% October-September.

To the extent that fiscal years vary among federal, state and local levels, local capital programming and budget decisions can extend or delay the UMTA grant process beyond the end of the federal fiscal year. The result is temporary and artificial "Carryover."

3D. Uncertainty, caution and confusion stemming from a variety of factors makes it prudent to not fully commit all funds immediately as they become available. The fate of the federal transit budget has been uncertain year after year, making advanced capital programming, budget development and grant preparation difficult; state and local fiscal stress has prompted some difficulty in the commitment of adequate non-federal matching funds; uncertainty over federal program procedures and policies also slow programming, grant development and approval.

All of these factors contribute to carryover. Some represent legitimate and prudent reasons to allow and promote carryover; others represent an unwarranted drag on the flow of funds; some are controllable by UMTA, some are controllable by grantees, others are not controllable by either. The critical point is that carryover is small, and grantee performance in committing funds is overwhelmingly positive. The discussions that follow provide a further explanation of two of the most important factors noted above, uneven capital needs and the effect of the UMTA grant process and timetable.

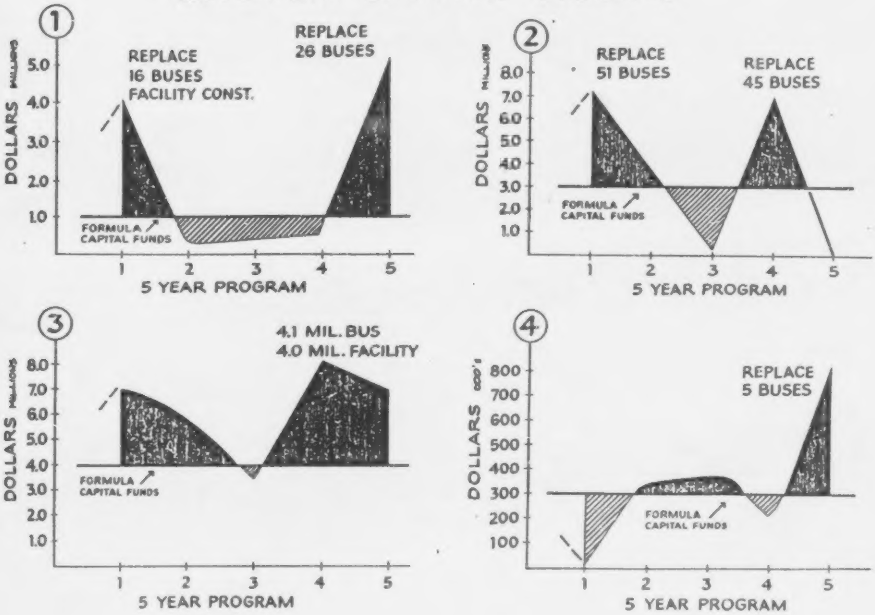
Uneven Capital Needs

To expand on one of the most significant and necessary reasons to allow for carryover, further explanation of point 3A, above, is necessary, i.e. the fact that transit capital needs are not uniform year-to-year.

Figure 4 graphically illustrates this point.

Each of the four graphs depicts an actual 5-year Transportation Improvement Program (TIP) from a transit property of medium or

FIGURE 4
UNEVEN CAPITAL NEEDS



small size. The flat horizontal line represents an extension of federal formula capital funding levels available to each of the four systems in 1985. The rising and falling line in each case represents the total dollar value of capital projects required in each of the next five years and the type of project.

The graphs clearly depict the typical uneven or "lumpy" nature of transit capital investment requirements. In some years, investment needs are below estimated (or real) federal funding levels. In other years, needs greatly exceed the federal formula apportionment for that year. The necessary result is that apportioned funds must often be accummulated over a multi-year period to effectively and completely meet highly valuable needs.

A problem arises when these relationships are viewed at a single point in time rather than over the full 5-year program period. For example, in graph 1, if the need to replace 26 vehicles in year 5 is not recognized, the "carryover" funds from years 2-4 may appear to be unneeded or might be misinterpreted as a "cushion." Recognition of the upcoming or out-year vehicle replacement need, however, indicates this is an inaccurate characterization. In fact, the cost of replacing the 26 vehicles far exceeds the funds available in years 2-5.

Each graph presents a very real, but slightly different version of this same situation. The "lumpy" needs phenomenon is typical throughout the transit industry. Attempts by UMTA leadership and others to characterize or view the "carryover" available at any single point in time as unneeded or a "cushion" to absorb funding cuts is a grossly misleading and inaccurate interpretation. In fact, it is UMTA's own regulations which require the preparation of the 5-year TIP and UMTA approval of the projects programmed into the first year of the TIP. UMTA should have full cognizance of the multi-year implications of approved programs, existing funding levels, the impact of reduced funding and the importance of carryover.

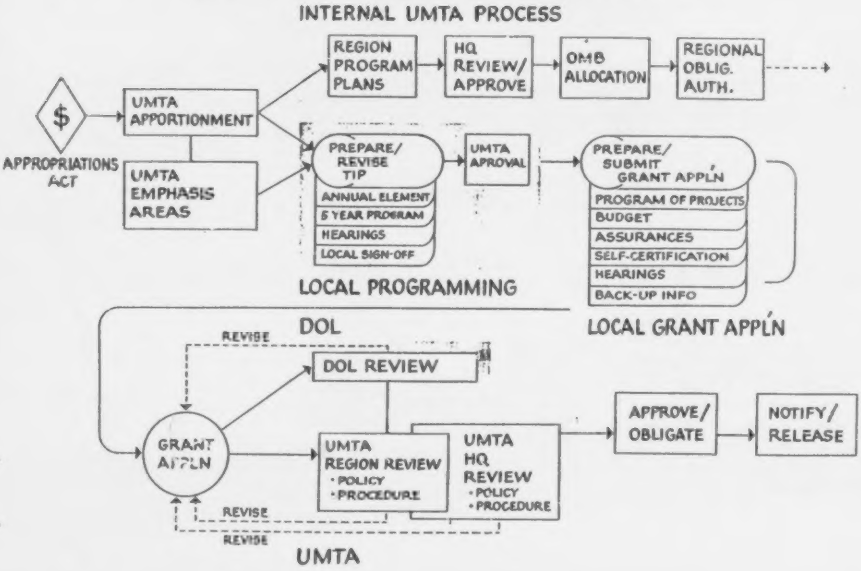
Finally, it must be noted that the apparent "carryover" in an area at one point in time is not available to meet the needs of a different area at another time. Therefore, across-the-board funding reductions cannot be "cushioned" by carryover. Many areas, depending on the structure of their capital programs, will be seriously and unavoidably damaged by a simplistic, cross-the-board cut of any size.

Grant Approval Process

Another factor requiring further explanation with respect to the carryover phenomenon is the complexity of the UMTA grant approval process. Figure 5 graphically depicts how this process works. The process begins with enactment of a DOT appropriations bill in Congress,

FIGURE 5

OBLIGATION PROCESS


INTERNAL UMTA PROCESS
$
APPROPRIATIONS ACT
UMTA APPORTIONMENT
UMTA EMPHASIS AREAS
REGION PROGRAM PLANS
HQ REVIEW/ APPROVE
OMB ALLOCATION
REGIONAL OBLIG. AUTH.
PREPARE/ REVISE TIP
ANNUAL ELEMENT
5 YEAR PROGRAM
HEARINGS
LOCAL SIGN-OFF
UMTA APROVAL
PREPARE/ SUBMIT GRANT APPLN
PROGRAM OF PROJECTS
BUDGET
ASSURANCES
SELF-CERTIFICATION
HEARINGS
BACK-UP INFO
LOCAL PROGRAMMING
LOCAL GRANT APPLN
DOL
REVISE
DOL REVIEW
GRANT APPLN
UMTA REGION REVIEW
• POLICY
• PROCEDURE
UMTA HQ REVIEW
• POLICY
• PROCEDURE
APPROVE/ OBLIGATE
NOTIFY/ RELEASE
REVISE
REVISE
UMTA

but there is a long series of steps before an obligation can be registered. Each major step is described briefly below. The highlighted portions of the chart identify areas where significant delay can occur.

1) UMTA must first APPORTION the funds to each urbanized area via formula, the factors for which must be updated annually;

2) UMTA must then internally ESTABLISH OBLIGATIONAL AUTHORITY for its regional offices through a multi-step process:

   a) Regions submit plans or estimates of what their grantees may be expected to apply for over the year in a Regional Program Plan;

   b) Headquarters traditionally reviews and approves these plans or amends them to formulate an agency-wide plan;

   c) OMB must allocate to UMTA authority to obligate funds on a quarterly basis to control obligation and outlays;

d) UMTA then traditionally provided regional offices with authority to obligate funds based on the amended program plans and approved allocation.

In 1984, full regional obligational authority was not provided until well after the beginning of the fiscal year.

3) Once grantees know what their apportionment will be, final TIP DEVELOPMENT can take place along with UMTA approval of the current year's program or "Annual Element"(1). Projects approved in the Annual Element can then be incorporated into a GRANT APPLICATION. The TIP and grant process can run concurrently or in sequence, as illustrated. Both include time consuming local agreements on suballocations within individual regions, negotiations with local units of government, public notice and hearings, formal adoption and approval at several levels, and, if necessary, subsequent amendments to either the TIP or grant application. The major steps in both the TIP process and grant application are noted in the figure and are dictated by federal regulation and procedural guidelines.

4) Once the grant application is submitted to UMTA, FEDERAL REVIEW takes place. The Department of Labor in Washington must grant a certification that transit labor will not be adversely affected. It is often unclear whether the DOL review occurs simultaneously with UMTA review, or whether UMTA review takes place following the DOL certification. Presumably both sequences occur.

UMTA review is based on regulation, procedure and policy, some of which is fully and formally documented and well-known and understood by grantees and UMTA staff; some of it is not, however.

There are increasing instances in which broad policy statements are not supported by formal implementing regulations or guidance (e.g. Private Enterprise Participation Policy). Similarly, there are increasing instances where new procedures are being applied without notice or explanation (e.g. rolling stock replacement requirements). Finally, there are instances in which formal regulations have been in development for years without final issuance (e.g. 504 and Charter/School bus regulations) and/or where existing regulations are so complex or time-consuming that compliance is difficult to demonstrate or judge (e.g. Disadvantaged Business Enterprise).

Attempts to operate in this environment are extremely frustrating and time-consuming. Seemingly at any point UMTA can legitmately question compliance or request more information on any of several matters. Equally legitimately, grantees can claim no prior knowledge that a problem may exist or that additional actions on their part are necessary.

Regardless of how issues of regulatory and procedural compliance may arise, any questions raised by UMTA must be addressed through submittal of additional information or amendment of either the TIP or the grant application before the review can proceed or approval take place.

---

(1) Although TIP development can proceed prior to the apportionment of UMTA funds, UMTA procedures require the TIP to closely reflect the anticipated amount of UMTA funds. Therefore, many grantees do most of their TIP development following UMTA's apportionment.

In some instances, these notifications or requests are made serially, i.e. additional information will be requested and submitted on one issue, then another request will be made and so on. Ideally, however, the number of required revisions and changes should be limited.

5) Once an application is to be approved, another series of FINAL ACTIONS by UMTA take place, all of which consume time:

   a) the regional office recommends approval (if it cannot itself approve the grant) by forwarding an "approval package" to Washington headquarters for the UMTA Administrator. At that time an OBLIGATION is entered, but no formal notification is given to the grantee. Grantees are routinely told only that their grant is still 'under review'.

   b) Upon receipt in UMTA headquarters, the grant is processed through the DOT Secretary's office to determine the means and timing for its RELEASE, (i.e. whether DOT or UMTA officials might join in announcing the grant approval, whether some or all of the local Congressional delegation should join in the announcement, whether the announcement should take place locally or in Washington, whether there should be a formal announcement at all, etc.).

   c) Once the method and timing of the grant release is determined and the release is made, the UMTA Administrator signs an APPROVAL LETTER, noting the prior obligation date and the "grant package" and approval letter are sent back to the regional office for transmittal to the grantee.

As implied in the above description and figure, the process is extremely elaborate and the timing is fundamentally controlled by participants and requirements other than the grantee (e.g. local officials, UMTA regional staff, UMTA or DOT headquarters staff, Department of Labor staff, etc.). The result is typically a longer than desireable approval process, a strong likelihood of many grants not being approved before the end of the fiscal year, thereby creating "carryover," and a degree of frustration on the part of grantees and local officials.

TIMING OF APPROVALS AND OBLIGATIONS

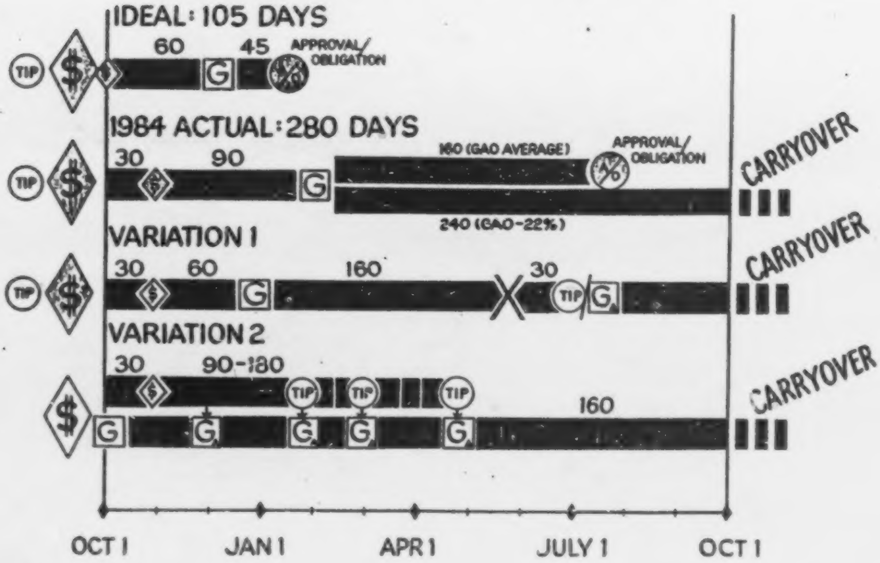
The general process described above can be translated into elapsed time. Figure 6 illustrates four separate time frames leading to grant approval, each beginning with the start of a new federal fiscal year on October 1.

Timeline 1: The Ideal

- TIP approved prior to the beginning of the fiscal year on October 1;
- Appropriations bill passed prior to October 1;
- UMTA apportionment made on October 1;

FIGURE 6.

OBLIGATION TIMING



- Grant preparation and submission, in consultation with UMTA, in 60 days;

- Grant approval and obligation after 45 days (a goal sometimes cited by former UMTA Administrators).

Total elapsed time: 105 days.

Timeline 2: 1984 Actual

- TIP approved prior to October 1;

- Appropriations enacted prior to October 1;

- 30 days for UMTA to apportion funds;

- Estimated 90 days for grant preparation and submission in consultation with UMTA, (additional time beyond ideal reflects the impact of continuing uncertainty about certain policy and procedural compliance issues as well as some delays locally in the grant development process);

- 160 days average approval time (source: GAO survey on Section 9 implementation);

Total Elapsed time: 280 days

Note: Over 20% of GAO survey responses available to APTA indicate approval times averaging 240 days.

APPROVAL MAY THEREFORE, BE CARRIED BEYOND OCTOBER 1; "CARRYOVER" IS AUTOMATICALLY REGISTERED

Timeline 3: Variation 1 - Application Revisions Necessary

- TIP, Congressional appropriation and UMTA apportionment steps similar to timeline 2;

- UMTA review requires grant or TIP revision/amendment;
- 30 days to revise/amend/adopt changes locally;
- Re-review by UMTA;

APPROVAL MAY THEREFORE, BE CARRIED BEYOND OCTOBER 1;
"CARRYOVER" IS AUTOMATICALLY REGISTERED

Timeline 4: TIP/Grant Development Contingent on Apportionment to Local Area

- Skeletal grant application and TIP developed;
- 30 days for UMTA apportionment;
- 90-180 days for TIP development, subregional split in funds, review and approval;
- Concurrent grant development and grant amendments as TIP takes shape, locally;
- 160 days average UMTA approval time.

APPROVAL MAY THEREFORE, BE CARRIED BEYOND OCTOBER 1;
"CARRYOVER IS AUTOMATICALLY REGISTERED

The purpose of laying out these hypothetical, though not atypical, timelines is to illustrate that:

1) The process, as it currently takes place, can automatically create carryover;
2) The timetable is controlled as much, if not more, by UMTA than by the grantee;
3) The process is inordinately long;
4) It may take 3/4 - 1 full year to convert a Congressional appropriation into an obligation of UMTA funds;
5) Differing fiscal years at the State and local level may result in different starting points which ultimately create carryover vis-a-vis the federal fiscal year.

It is apparent from this series of figures and accompanying discussion that the grant-making process is much more complex than is commonly understood. Despite this complexity and the inordinate time periods often involved in gaining grant approval and subsequent obligation of UMTA funds, two major points must be made:

1) The proportion of UMTA formula funds being carried over is small;
2) The existence of carryover is a necessary management tool and in no way constitutes a "cushion" against future funding reductions.

THE PROJECT IMPLEMENTATION AND EXPENDITURE PROCESS

At the end of the grant process, grant approval by UMTA and a related bookkeeping entry together constitute an obligation of federal funds. Funds not contained in an approved grant and, therefore, not obligated, constitute "carryover".

The expenditure of UMTA funds and the actual outlay of funds from U.S. Treasury accounts necessarily follow grant approval. The expenditure of grants funds, however, is also a complex multi-year process. Transit capital projects, like any other major construction projects or equipment purchases, can seldom be accomplished or completed in a single year's time. As a result, at the end of a particular fiscal year, UMTA accounts will show the amount of funds expended as well as the "unexpended balance".

Advocates of deep cuts in the federal transit program point to this "unexpended balance" as a resource to "cushion" the impact of future funding cuts. In reality, nothing could be farther from the truth. A closer examination of the expenditure process for transit projects and a comparison with other federally-funded major capital programs makes this clear.

Figure 7 illustrates the major steps involved in the actual expenditure or outlay of funds for transit capital projects, beginning with the grant approval and obligation. Three discrete phases of activity are highlighted:

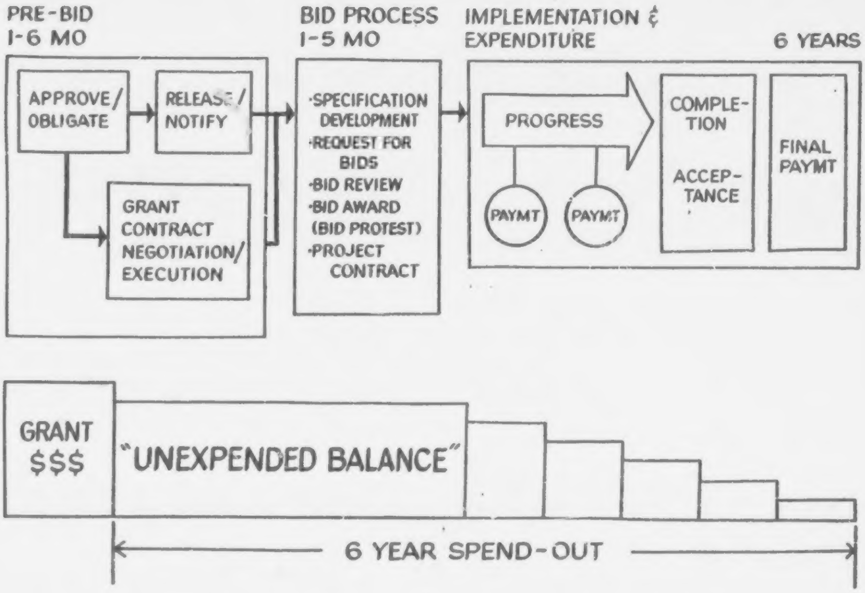
- Actions taken prior to bid solicitation and award, i.e. the "pre-bid" phase;
- The bid process itself; and,
- Actual project implementation.

Pre-Bid Phase

Before bids can be solicited or contracts awarded for projects in approved grants, two administrative steps must be taken. First, as described earlier, decisions on the timing and logistics for announcing RELEASE of the grant are made by the Department of Transportation. Personnel in the Office of the Secretary, review recent approvals to determine the "level of release," i.e. the timing and level of involvement of various officials ranging from regional UMTA staff to UMTA headquarters staff to the Secretarial level in DOT and potentially to the Congressional delegations.

FIGURE 7

PROJECT IMPLEMENTATION & EXPENDITURE PROCESS


PRE-BID
1-6 MO
BID PROCESS
1-5 MO
IMPLEMENTATION &
EXPENDITURE
6 YEARS
APPROVE/
OBLIGATE
RELEASE/
NOTIFY
GRANT
CONTRACT
NEGOTIATION/
EXECUTION
·SPECIFICATION
DEVELOPMENT
·REQUEST FOR
BIDS
·BID REVIEW
·BID AWARD
(BID PROTEST)
·PROJECT
CONTRACT
PROGRESS
PAYMT
PAYMT
COMPLE-
TION
ACCEP-
TANCE
FINAL
PAYMT
GRANT
$$$
"UNEXPENDED BALANCE"
6 YEAR SPEND-OUT

In the case of routine projects (e.g. operating assistance grants and small capital projects), release and announcement may occur relatively quickly. In the case of major capital project approvals, however, this process may take several months. During the time between UMTA's obligation and "release" of the grant, grantees are not given any formal indication of the status of the grant, even though they may be legally entitled to incur costs and make expenditures beginning with an earlier "obligation date." This confusion and uncertainty obviously slows project start-up to varying degrees and frustrates UMTA grantees.

The second step necessary before the bid process can formally proceed very far is the EXECUTION OF A GRANT CONTRACT between UMTA and the grantee. At the time a grant approval and obligation are entered, UMTA regional staff typically sign a grant contract. The "grant approval package" however, then goes to Washington for the "release" process and it is only after the release process is completed that the grant contract is sent to the grantee for execution.

For small or routine project grants, rapid release and pro-forma contract execution are normal. For new major capital investments, particularly new system construction, grant contract negotiation can go on for months. This has been particularly true in recent years as the Administration has sought to include contract provisions and requirements that severely restrict both the eligible project expenditures and grantees future use of UMTA funds for operating purposes.

Depending on the nature of the project(s) in the grant, these two pre-bid steps can take from 1 to 6 months or more to complete.

The Bid Process

Although bids may be solicited prior to final grant approval and grant contract execution, prudence suggests that these steps be completed prior to initiating a bid process.

The bid process itself involves preparation or revision of specifications, bid advertising and solicitation, bid review and award and project contract execution between the local agency and the contractor. Depending on the size and complexity of the project, this process can routinely take 1 to 6 months to complete.

If, in the bid process, there are protests lodged by unsuccessful bidders, resolution of the protest and ultimate execution of project contracts can take much longer. Unfortunately, UMTA has chosen to play a passive role in resolving or mediating bid protests.

During the pre-bid and bid phases of project implementation, very little actual funding is required or spent. Consequently, the bar at the bottom of Figure 7 indicates that "unexpended balances" logically and predictably remain high through the first year following grant approval.

Project Implementation and Expenditure

The final phase involves actual initiation and completion of a project. Over the history of the UMTA program, it has been found that capital project funds are fully spent in an average of six years. Major construction projects or vehicle procurements, particularly rail cars, can take much longer; small bus purchases and some smaller construction projects may take a shorter time.

Over the average 6-year period, however, a typical project will proceed based on actual progress. Progress payments are based on the pace at which the project is proceeding. It is also typical that a significant amount of project funds be withheld throughout the process pending completion, inspection, testing and acceptance of the equipment or facility being purchased or constructed.

In summary, the implementation and expenditure process involved in transit capital projects and illustrated in Figure 6 covers an average of six years and is made up of three phases of activity, each of which may consume substantial amounts of time or contribute to major delays in project expenditures.

Two features of this process are worth remphasizing:

1) Project funds are expended at a predictable rate, meaning that the existance of "unexpended balances" is a natural and predictable phenomenon; and,

2) Once bid awards are made and project contracts executed, usually within a year of grant approval, those funds are committed, cannot be transfered among projects and do not represent a "cushion" available to meet future needs.

COMPARING EXPENDITURE PATTERNS FOR TRANSIT AND OTHER PROJECTS

Transit projects and other major capital investments supported with federal funds have predictable expenditure patterns that are monitored by the Congressional Budget Office and others. As indicated earlier, transit capital project funding is expended in an average of six years; transit operating assistance funds are expended in three years, according to the CBO.

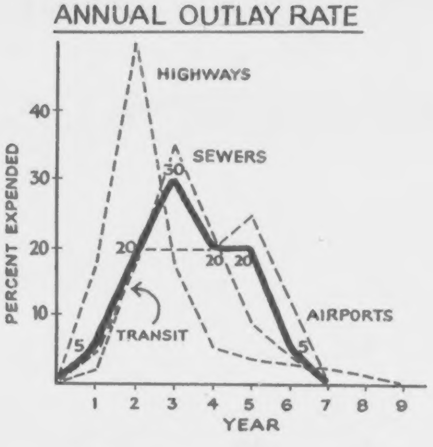
Comparison of these patterns with other federally-funded capital projects is revealing. Figure 8 clearly indicates that the pattern of federal transit expenditures has been and continues to be very comparable to other major capital programs. In fact, the expenditure patterns for transit projects are better than those of other programs in several instances:

- transit funds are spent-out in 6 years; highway and sewer construction funds take at least 8 years to be fully spent;

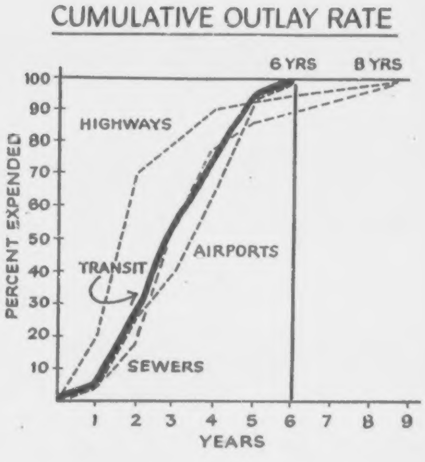
FIGURE 8

TIMING & EXPENDITURE RATES FOR TRANSIT CAPITAL

ANNUAL OUTLAY RATE



CUMULATIVE OUTLAY RATE



TRANSIT OUTLAY RATES

YEAR	1	2	3	4	5	6
CAPITAL	5%	20%	30%	20%	20%	5%
OPERATING	70%	20%	10%	-	-	-

- transit funds are spent out more quickly in the early years than sewer funds and at more consistant rates in the out-years than airport funds.

It should also be noted that more rapid early expenditures typical of the highway program represent both advantages and disadvantages. Certainly progress on urgent projects occurs more rapidly. However, the more severely peaked the expenditure, the greater the federal outlays in a given year and the greater the impact on the deficit. All things being equal, a somewhat more "normal" expenditure curve may be preferable from an overall budget standpoint.

HOW MUCH "UNEXPENDED BALANCE"

Because annual expenditure rates are predictable over a standard period of time, the amount of "unexpended balance" in the transit program at any point in time can be predicted as well. Figure 9 illustrates how the calculation can be made based on the level of obligated funds for succeeding years.

The figure clearly indicates that the predicted current level of "unexpended balance" is very near to the level mentioned by UMTA officials, i.e. the current levels of "unexpended balance" in the transit programs are not higher than anticipated.

The figure also identifies several factors related to the UMTA program management process that tend to increase the level of unexpended balances by delaying expenditures after grants have approved. Prolonged grant contract negotiations on major projects was mentioned earlier as was UMTA's passive role in resolution of bid protests.

FIGURE 9

"UNEXPENDED BALANCE: ESTIMATED/PREDICTED

CALCULATION:

$$ OBLIGATED — PROPORTION OUTLAYED = "UNEXPENDED BALANCE"
YEARS 1-6 YEARS 1-6

ESTIMATE:

		$$ OBLIGATED	$$ OUTLAYED	ESTIMATED UNEXPENDED BALANCE
CURRENT YEAR:	1	$ 3.4 BIL	$ 0.6 BIL	$ 2.8 BIL
PAST YEARS:	2	3.9	1.5	2.4
	3	3.3	2.3	1.0
	4	3.9	3.2	0.7
	5	3.1	2.9	0.2
PROJECTED TOTAL:				$ 7.1 BIL
UMTA ESTIMATE:				$ 8.0 BIL

CONTRIBUTING FACTORS:

- LATE / DELAYED OBLIGATION BY UMTA
  60% OF SECTION 3 IN LAST QUARTER
  50% " " IN LAST MONTH
  33% " " IN LAST 3 DAYS
- PROLONGED CONTRACT NEGOTIATIONS ON LARGE PROJECTS
- UMTA PASSIVITY IN BID PROTEST RESOLUTION

The third factor has to do with the pattern of grant approval and obligation for the Section 3 discretionary capital program. In 1984, as in prior years, Section 3 approvals were heavily concentrated at the very end of the fiscal year:

- 60% of the obligations occurred in the last quarter, July-September;
- 50% occurred in the last month, September;
- 33% occurred in the last three days of the fiscal year.

Obviously, the majority of 1984 Section 3 funds were not available for expenditure in the year they were appropriated. Also, approvals in the fall of the year mean that in many locations the entire upcoming construction season is lost since the release/contract and bid process may take an additional year. The result is that the late Section 3 approvals and obligations may artifically add a year to the expenditure period and, therefore, artifically contribute to the size of the "unexpended balance".

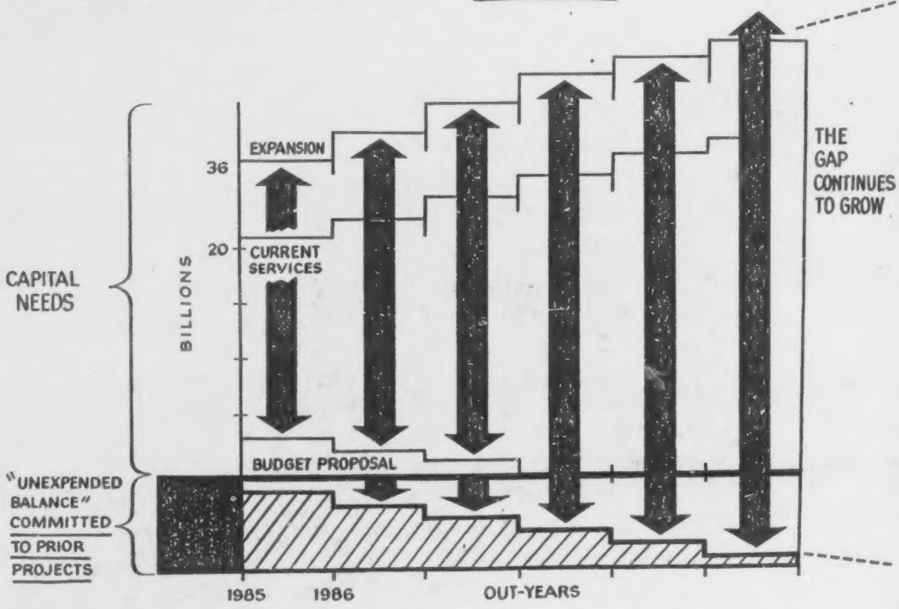
"UNEXPENDED BALANCES" ARE NOT A "CUSHION"

It has been suggested by the Administration that unexpended somehow represent a "cushion" to absorb the impacts of massive immediate funding reductions. This interpretation is totally false, however, and implies either a conscious effort to mislead or a lack of knowledge or concern over how funds flow once grants are approved.

Figure 10 illustrates the fallacy of the "cushion" argument. In the first place, transit capital needs far exceed available levels of funding. As a result, regardless of the status of currently available funds, they cannot conceivably be viewed as a "cushion" to support future funding cuts.

FIGURE 10

"UNEXPENDED BALANCES" ARE NOT A "CUSHION"



Secondly, as noted earlier, approved grant funds represent funds already obligated to current projects, and not available for future projects. As those funds are expended on existing projects, the available balance is decreased while at the same time unmet needs continue to increase. The gap between resources and needs, therefore, continues to grow. Even if needs were constant and funding levels were frozen, inflation and related cost increases would ensure that this gap grew.

Finally, as stated earlier, the vast majority of "unexpended balances" are committed, contractually, at the local level to specific projects to be carried out by specific contractors. These funds are committed to be spent over a contractually agreed upon time frame subject to contractually agreed upon payment schedules and other conditions. To view these funds as a "cushion" is to disregard preexisting contractual arrangements and imply that projects now under contract can be casually abandoned, or that funds can be moved among projects at will. This is neither possible nor desireable.

SUMMARY

The purpose of this assessment has been to demonstrate that neither the presence of "carryover" nor the existence of "unexpended balances" in the UMTA program constitute a rationale to dramatically reduce future formula funding. Figure 11 summarizes the basic findings of the analysis presented in succeeding pages.

The transit industry is certainly interested in committing funds to and implementing projects more quickly and with less redtape and delay. It is our hope that UMTA shares this objective and has a genuine interest in improving the flow of funds. Unfortunately, the Administration wants to drastically reduce transit funding. To the extent that carryover and unexpended balances are used justify these cuts, the Administration has a vested interest in managing the flow of funds so that carryover and unexpended balances are increased, rather than reduced. In serving this interest, the statutory objectives established by Congress are being ignored and, more importantly, the mobility needs of the nation are being ignored as well.

FIGURE 11

SUMMARY

"CARRYOVER"

AMOUNT IS SMALL (<9% OF FUNDS)

ABILITY TO CARRYOVER IS IMPORTANT

REASONS FOR CARRYOVER ARE...

...LEGITIMATE, E.G., LUMPY NEEDS, STATUTORY PROGRAM STRUCTURE, MAJOR FORMULA INCREASES

...NOT LEGITIMATE, E.G., SLOW GRANT APPROVALS, UNCLEAR POLICY, PROCEDURE

NOT A "CUSHION"

NOT REPRESENTATIVE OF LOWER NEEDS

"UNEXPENDED BALANCE"

AMOUNT IS PREDICTABLE

TRANSIT EXPENDITURE RATE IS SIMILAR TO OR BETTER THAN OTHER PROGRAMS

FEDERAL PROGRAM MANAGEMENT IS A FACTOR
E.G., LATE SECTION 3 OBLIGATIONS, PROTRACTED CONTRACT NEGOTIATIONS

NOT A "CUSHION"; MOST ARE COMMITTED LOCALLY

NOT REPRESENTATIVE OF LOWER NEEDS

HARVARD AND RICE UNIVERSITIES

STATEMENT OF DON H. PICKRELL, ASSISTANT PROFESSOR OF CITY PLANNING, JOHN F. KENNEDY SCHOOL OF GOVERNMENT, HARVARD UNIVERSITY

ACCOMPANIED BY GARY BROSCH, DIRECTOR, JOINT CENTER FOR URBAN MOBILITY RESEARCH, RICE UNIVERSITY, HOUSTON, TX

Senator ANDREWS. Is there anyone else who wants to present their testimony in a 2-minute actual time segment?

Mr. PICKRELL. My name is Don Pickrell. I am assistant professor of city planning at Harvard University. With me is Gary Brosch, director of the joint center for urban mobility research of the Rice Center in Houston, TX.

Federal operating assistance has now amounted to more than $7.5 billion, and I think the debate over its future should include some assessment of what it has accomplished. Unfortunately, several factors compromised the effectiveness of operating assistance in promoting the goals of expanded service, lower fares, and increased ridership which were those originally sought by its advocates in Congress. Over half of government subsidies have been used to meet rising costs for providing the same level of service that was operated before the section 5 program began.

Most of this was used to pay rising labor expenses for supplying transit, and relatively little was necessary to compensate for higher energy costs, despite the common assertion that they have been the major source of increasing transit expenses.

Because these escalating costs absorb so much of increased assistance, surprisingly little of it actually remained to further the goals of the Federal program. Over the entire period of Federal participation, only about 43 percent of the assistance it has provided has actually been used to further the program's original goals of preserving adequate transit service at reasonable fares. About 5.3 billion more transit trips have now been made than if ridership had remained at its level prior to the Federal program, representing only about an 8-percent increase in transit use, and even this modest increase cannot be entirely attributed to the Federal program, because subsidies offered by State and local governments also grew rapidly during this period.

But even assuming that growth in operating assistance was responsible for all of the additional ridership, the increase in operating assistance from all levels of government totaled at least $2.25, and perhaps as much as twice that figure, for each new transit trip that was made. About 40 percent of this figure represents Federal assistance, while the remainder consists of subsidies by State and local governments over and above the levels they offered prior to the advent of the Federal program.

What this program needs is a funding mechanism that restores the incentives of its recipients to control their costs, rationalize service, and increase fare box coverage of expenses from the present low level.

Senator ANDREWS. When was the Pickrell report completed?

Mr. PICKRELL. I beg your pardon, sir?

Senator ANDREWS. When was the Pickrell report completed?

Mr. PICKRELL. I am not sure I know what the Pickrell report is, but I suspect you are referring to a report written under the University Research Program to UMTA?

Senator ANDREWS. Your report, that is right.

Mr. PICKRELL. In October 1983. And I have since——

Senator ANDREWS. Did you use UMTA section 15 data in your study?

Mr. PICKRELL. At the time I performed that study, those data were not available for most of the period on which I was doing research. I have since updated that study, making some use of section 15 data.

Senator ANDREWS. Thank you very much, gentlemen. Your statements will appear in their entirety in the record.

[The statement follows:]

STATEMENT OF DON H. PICKRELL

The Federal Operating Assistance Program

For more than two decades, many local government agencies across the U.S. have offered direct financial assistance to transit operators serving their jurisdictions, and some have offered less visible subsidies for considerably longer. Most states have also assisted public transit operators indirectly (by exempting them from certain taxes and fees), and several states adopted direct subsidy programs beginning as early as 1970. In the years between 1964, when total fare revenues collected by the U.S. urban transit industry first failed to cover its aggregate operating expenses, and 1975, when federal assistance was first offered, state and local governments throughout the U.S. provided nearly $3 billion to underwrite transit operators' escalating deficits.[1]

By comparison, the federal role in subsidizing transit operating costs developed more recently and has been more controversial. Many members of Congress who originally advocated federal participation in transit operating assistance viewed it as an emergency measure that was necessary to support operators temporarily, while they invested in major capital improvements (which were also eligible for federal funding) designed to reduce operating costs and bring rising deficits under control. Senator Williams summarized this view in remarking on an earlier propsal to establish a federal operating assistance program:

> The one drawback of the operating subsidy is that it will only pay for the existing inefficiency and poor service. It certainly does not build new facilities, nor does it buy desparately needed new equipment. However, a blood transfusion is needed before curative surgery can be performed.[2]

Supporters of federal involvement also cited various other goals for operating assistance: financing additional transit service and reduced fares would attract riders out of automobiles, they asserted, thus reducing energy consumed and air pollution generated by urban transportation. In urging a House-Senate Conference Committee to act favorably on the bill establishing the Section 5 program, Senator Javits declared that

> This is an emergency situation, and only this Committee can alleviate it...If this Committee fails to act, or acts in a way that does not accept the severity of the problem, the results are readily predictable. Fares will rise substantially, ridership will decrease, operating deficits will rise further, and more and more urban commuters will turn to their gasoline-powered automobiles for their urban transportation needs.[3]

Representative Rostenkowski emphasized the presumed importance of transit service in maintaining the vitality of American central cities when he stated before Congress:

> I think it is time that Members of this body accept the fact that transit systems are too vital a part of the continued healthy growth of urban centers for their future operations to be governed solely by their ability to show a profit. Return on investment can not and must not outweigh the social dividends which all of our citizens receive from good public transportation.[4]

After prolonged debate, Congress authorized operating assistance under the UMTA Section 5 program beginning in 1975, citing "...the need to provide public subsidies to cover operating deficits in order to preserve adequate transit service at reasonable fares."[5] Assistance payments grew rapidly under the Section 5 program, rising from just over $300 million in 1975 to nearly $1.1 billion by 1980, before declining gradually to about $900 million in 1983. Beginning in 1984, operating assistance was combined with formula capital grants under the newly created UMTA Section 9 program, with operating subsidies representing about $860 million of the $2.4 billion in total assistance distributed during the first year of the new program.[6]

Thus as Table 1 reports, cumulative federal operating assistance payments through 1984 totaled more than $7.5 billion, equivalent to about $9.7 billion in today's dollars after adjusting to reflect the greater purchasing power of earlier years' assistance payments. It is difficult to establish whether escalating federal involvement displaced assistance that might have been provided by state and local government over this period, because the subsidy levels they would have offered in the absence of federal intervention cannot be reliably estimated.[7] In fact, combined state and local government operating assistance has continued to rise rapidly during the period of increasing federal involvement, amounting to more than $21 billion since 1975.

Table 1

Federal Operating Assistance Payments
to U.S. Urban Transit Systems, 1975-1984

Year	Actual Dollars (millions)	Today's Dollars (millions)
1975	301.8	538.6
1976	422.9	717.1
1977	584.5	936.6
1978	689.5	1,028.5
1979	855.8	1,175.0
1980	1,064.6	1,339.0
1981	999.1	1,145.9
1982	922.9	998.3
1983	887.2	924.5
1984	860.1	860.1
Cumulative Total, 1975-1984:	7,588.4	9,708.6

What Has Federal Operating Assistance Accomplished?

Several factors compromised the effectiveness of these substantial operating assistance payments in promoting their advocates' goals of expanded transit service, lower fares, and increased ridership. (Again, it is virtually impossible to distinguish how federal subsidies have been spent from the ways in which other government assistance has been used, and the following analysis does not attempt to identify separate effects of assistance received from different levels of government.) Most important, rising prices for labor and fuel, the primary inputs used to provide transit service, produced rapid escalation in expenses for providing the same level of transit service that was operated before the federal program began.[8] These higher expenses absorbed much of the expansion in transit operators' budgets that was made possible by growing federal assistance payments, leaving surprisingly little available to finance new service or reduce fares. In addition, the types of new service and the specific fare reductions that were implemented using the remaining assistance produced disappointingly small gains in transit ridership in most urban areas.

Table 2 reports estimates of how combined operating assistance payments by all levels of government over the period of federal involvement were utilized by the nation's urban public transit industry. These estimates were constructed by allocating the increased expenditures by all U.S. transit operators between 1975 and 1984 that were made possible by growing government assistance among three categories: increased costs for operating the level of service that existed prior to the federal assistance program; expenses for operating new service added during the period of federal involvement; and outlays necessary to compensate for the failure of fare increases to match inflation over this period. The increased costs for operating the original service level were further allocated among additional expenses for labor, energy, and miscellaneous other inputs. Any new government assistance paid to transit operators over this period, but not matched by increased expenditures for one of these purposes or required to meet previous years' unfunded expenses, was classified as remaining available for future expenses.[9]

Table 2 indicates that over the period of federal involvement, more than half (52%, or about $12.1 billion in today's dollars) of the growth

Table 2

Estimated Uses of Government Operating Assistance Payments During the Period of Federal Participation (1975-1984)

	Cumulative Total, 1975-84 (Billions of Today's $)	% of 1975-84 Cumulative Total
Higher Costs for Existing Service:		
Labor Expenses	$8.4	36%
Energy Costs	$1.6	7%
Other Expenses	$2.1	9%
Total	$12.1	52%
Expenses for New Service	$6.3	27%
Substitution for Fare Revenue*	$3.7	16%
Remaining for Future Expenses	$1.3	5%
Total New Expenditures	$23.4	100%
Resulting Increase in Transit Ridership (billions of trips)	5.3	8%

* Net of fare revenue contributed by new riders.

in nationwide transit operating expenses that was permitted by rising government assistance during the era of federal participation was used to meet higher costs for providing the same level of service that was operated before the program began. In turn, more than two-thirds of this amount (almost $8.4 billion) was used to pay the rapidly rising labor expenses for supplying transit service, which resulted from the combination of rising compensation levels with declining productivity of transit workers. Only a small proportion of the increase in government assistance (7%, or about $1.6 billion) was necessary to compensate for higher energy costs and the declining energy efficiency of transit vehicles, despite the common assertion that rising energy prices were a major source of increasing transit costs during this period. Higher payments for materials, maintenance supplies, insurance, and various other inputs were responsible for the remaining $2.1 billion increase in expenses for providing the level of transit service that was supplied before federal participation in operating assistance began.

Because these escalating costs absorbed so much of the increased government assistance offered after 1974, surprisingly little of it actually remained to further the goals of the federal operating subsidy program. As Table 2 indicates, only about 27% of new government assistance received by U.S. transit systems between 1975 and 1984 (approximately $6.3 billion) was actually used to meet expenses for operating new transit service that was added after federal operating subsidies were first offered. Another 16% (or about $3.7 billion) of the growth in operating assistance during this period was used to allow transit fare increases to lag well behind the pace of other price increases throughout the economy. In inflation-adjusted or "real" terms, this assistance in effect compensated for the decline in transit operators' revenues that resulted when fares were reduced.

Thus over the entire period of federal participation in transit operating assistance, substantially less than half -- some 43%, or slightly more than $10 billion -- of the nearly $24 billion in added government assistance (above the level that was already provided by states and localities before federal participation began) was actually used to further the goals of 'adequate transit service at reasonable fares.' Nearly 5% of the increased assistance payments made during the this period (nearly $1.3 billion in today's dollars) was not matched by either previous unmet obligations or new expenditures by transit operators, and was thus apparently retained by its recipients to meet future expenses. However, this aggregate figure no doubt obscures considerable variation in the situations confronting individual transit operators: some were probably unable to meet all of their current expenses during at least part of this period, while others may have accumulated significant amounts that remain available to meet future expenses.

As Table 2 also indicates, the effects on nationwide transit ridership of the service increases and fare reductions that were actually financed by increased government operating support for transit were apparently quite modest. About 5.3 billion more transit trips were made over the period from 1975-84 than would have been made if ridership remained at its level prior to the advent of the federal operating assistance program, representing only about an 8% increase in transit usage.[10] Yet this disappointingly modest increase cannot be attributed entirely to the federal operating assistance program, because transit subsidies offered by state and local government also grew rapidly during this period, while rapid escalation in the costs of automobile ownership and travel in the nation's urban areas probably caused some drivers to switch to publc transit for certain trips. Even assuming that growth in government subsidies was responsible for all of the estimated additional transit ridership during this period, government operating assistance payments totaled over $4.45 (when measured in today's dollars) for each new transit trip that resulted. Slightly over 40% of this figure (or about $1.85) represents federal operating assistance, while the remainder consists of subsidies by state and local governments over and above the levels they offered prior to the advent of the federal Section 5 assistance program.

Since the growth in transit ridership accompanying federal involvement in operating assistance has been so small, the federal program's contributions to the various other goals originally sought by its supporters -- such as reducing energy consumption and air pollution, or revitalizing downtown areas -- must also have been modest. This is because achieving these indirect objectives requires that operating subsidies increase transit ridership by inducing automobile commuters to switch to transit travel (although there is even some controversy about whether carrying urban commuters by conventional mass transit rather than other modes actually does save energy or reduce air pollution). In any event, the modest ridership gains that apparently resulted from the federal operating subsidy program certainly suggest that it contributed little toward nationwide efforts to reduce these undesirable by-products of current urban travel patterns, regardless of any uncertainty about the theoretical effectiveness of transit in promoting these goals.

Why Was Operating Assistance So Ineffective?

Table 3 reports changes during the period covered by the federal Section 5 assistance program in factors that affect the costs of operating transit service, measures of service provided and its utilization by urban residents, and sources of revenue used to meet transit operating expenses. These data indicate that rising labor expenses absorbed such a large part of added government assistance during this period because transit workers' typical compensation levels increased rapidly, while service produced per employee declined. Annual compensation per transit employee rose nearly 84% from 1975 to 1983, while the typical employee's productivity, as measured by annual vehicle-miles of service operated per full-time worker, declined about 7% during this period. Of course, the costs of living in the nation's urban areas escalated rapidly during this period, as did workers' compensation levels throughout much of the U.S. economy (particularly those received by other unionized workers employed in providing local government services). Nevertheless, transit workers' pay levels increased consistently throughout the era of federal assistance, rising nearly 25% from 1975 to 1984 even after adjusting for inflation, while average "real" earnings throughout the private sector of the U.S. economy actually declined over most of this period.[10]

Table 3 also reports that the utilization of transit service, measured by the average number of passengers boarding per vehicle-mile operated, improved only slightly during the period of federal support for transit operating costs. Because this period was marked by various developments that were widely expected to slow or even reverse the historical decline in demand for transit travel among urban residents -- including sharply rising costs for owning and operating automobiles, a

Table 3

Changes in Factors Affecting Transit Industry Performance

Factor	% Change During Federal Assistance Era (1975-83)
Annual Compensation per Employee	83.9%
Service Produced per Employee	-6.9%
Labor Expense per Vehicle-Mile	97.5%
Total Operating Expense per Vehicle-Mile	111.2%
Passengers Boarding per Vehicle-Mile of Service Operated	7.7%
Vehicle-Miles of Service Operated per Route-Mile	-18.2%
Total Expense per Passenger Carried	96.7%
Average Fare Paid:	
Actual Dollars	55.3%
Adjusted for Inflation	-9.3%
Government Subsidy per Passenger	330.0%

slowing in the pace of suburbanization, and declining real incomes for many urban households -- this improvement in transit utilization was disappointingly small. This was partly attributable to the particular pattern of new transit service that was financed by growing operating assistance. Because the total number of route-miles over which transit vehicles operated nationwide increased much more rapidly than did the aggregate level of service, vehicle-miles of transit service operated per mile of route -- an index of the frequency of typical transit service -- fell considerably, as Table 3 indicates. Thus what is probably the most important dimension of public transit's usefulness as a means of urban transportation declined significantly during this period.

The decline in this measure reflects the fact that much of the added service was operated over bus routes that had been extended into the expanding suburban areas of large cities, as well as by newly established bus transit systems serving many of the nation's smaller urban areas. In both of these situations, travel patterns tend to be diffuse, while automobile ownership is generally widespread; thus the resulting demand for transit travel tends to support only infrequent sevice.[12] Further, the small ridership increases resulting from service extensions of this type undermine the common assertion that these new services were necessary to provide for some previously unmet basic mobility need of residents of these areas.

Finally, Table 3 indicates that because transit utilization failed to improve significantly, the rapid increases in operating costs per unit of service were translated into similarly rapid growth in costs per passenger carried by the nation's transit systems, which nearly doubled between 1975 and 1983. At the same time, the average fare paid by transit passengers rose by only about half over this period, and Table 3 shows that it actually declined after compensating for the rapid inflation that prevailed during much of that time. As a result, the fraction of transit operators' expenses that was covered by passenger fares fell sharply: the average fare actually paid for a transit trip declined from almost 55% of the expenses incurred in carrying the typical rider during 1975 to only 39% of those costs by 1983. Thus combined state and local government subsidies rose from 20 cents to 71 cents per nationwide transit passenger between 1975 and 1983, while federal susbidies contributed an additional 15 cents per passenger by 1983.

Yet even this substantial transfer of the burden of paying for transit service from riders to taxpayers contributed surprisingly little growth in transit ridership. This was probably because the accompanying changes in transit fare structures consisted mainly of widespread conversion to flat fare systems and marketing of unlimited-use passes to regular commuters, both of which redeced fares primarily for travelers who were least sensitive to them. During the first several years of the federal subsidy program, many of the nation's largest transit operators eliminated premium fares or surcharges for trips covering long distances, travel during peak commuting hours, and trips requiring transfers -- all of which were particularly costly to carry -- in favor of uniform fares and free transfers.[13] And by 1983, more than three-quarters of U.S. transit systems offered weekly or monthly passes that entitled their holders to unlimited rides (usually free, or in a few cases at a substantial discount from the basic adult fare), but were commonly priced below the equivalent of one round trip per weekday of the period for which they were valid.[14]

However, these changes in fare policies often resulted in higher fares for many price-sensitive riders, as large increases in basic fare levels were often necessary to meet the farebox revenue needs of transit operators that had eliminated higher fares for more costly service. At the same time, these changes usually offered particularly large fare reductions to riders whose travel behavior was least sensitive to fare levels, who imposed the largest share of transit systems' operating expenses, and on whom transit operators' resulting loss in farebox revenue was greatest. Thus not only did the restructuring of fares that was financed by rising government operating assistance levels produce disappointingly small ridership gains in many urban areas, but it also sharply reduced farebox coverage of operating expenses for many transit systems that implemented revised fare policies.

NOTES

1. John Pucher, "Transit Financing Trends in Large U.S. Metropolitan Areas: 1973-78," Transportation Research Record, Number 759 (1980), pp. 6-12.

2. Reported in U.S. Urban Mass Transportation Administration (UMTA), "Feasibility of Federal Assistance for Urban Mass Transportation Oprating Costs," November 1971, p. II-12.

3. U.S. Congress, Joint Conference Committee hearings, 1974, p. 2.

4. Congressional Record, Vol. 119 (1973), p. 32787.

5. U.S. House of Representatives, Report 91-1264, p. 448.

6. American Public Transit Association (APTA), 1980 Transit Fact Book; UMTA, National Urban Mass Transportaton Statistics, Annual Reports Under the Section 15 Reporting System, Volumes 2-5 (1980-83); and Douglass B. Lee, "Estimated Transit Industry Aggregate Statistics: 1984," draft report, Transportation Systems Center, April 1985.

7. After adjusting for inflation, combined state and local operating assistance grew by 260% between 1970 and 1975, almost exactly twice the percentage growth in state and local assistance that occured during the period of rising federal subsidies (1975-84). However, this comparison does not necessarily suggest that federal participation displaced state and local subsidy effort, since the dollar increase in inflation-adjusted state and local government operating assistance during the years coinciding with the federal assistance 5 program (nearly $2.7 billion when measured in today's dollars) was considerably larger than its growth from 1970 to 1975 (about $1.5 billion in today's dollars).

8. Expenses for labor and fuel together accounted for 84% of the operating expenses incurred by the U.S. transit industry during 1983; see UMTA, National Urban Mass Transportation Statistics, Volume 5, December 1984, Table 2.07, p. 2-40.

9. For a detailed description of the methods used to construct these estimates, see Don H. Pickrell, The Causes of Rising Transit Operating Deficits, Report MA-11-0037, John F. Kennedy School of Government, Harvard University, July 1983.

10. This ridership gain was estimated by assuming that in the absence of any increase in government subsidies after 1974, ridership in each of the years 1975-1984 would have remained at its (lower) 1974 level, rather than continuing on the slight upward trend that began in 1973. If the 1972-74 upward trend is used to estimate ridership from 1975-84

in the absence of rising subsidy levels, the resulting cumulative increase in ridership from 1975 through 1984 is reduced to about 1.3 billion trips, or about 2%, thus raising the amount of new subsidy per additional trip to $17.80 in today's dollars, of which $7.40 represents federal assistance.

11. See U.S. Concil of Economic Advisors, Economic Report of the President, February 1983, Table B-38.

12. For more extensive discussion and documentation of these developments, see Pickrell, The Causes of Rising Transit Operating Deficits, Chapter 5.

13. Pickrell, The Causes of Rising Transit Operating Deficits, Table 6.2, p. 117.

14. Pickrell, The Causes of Rising Transit Operating Deficits, pp. 121-123.

NATIONAL ASSOCIATION OF REGIONAL COUNCILS

STATEMENT OF JOAN CAMPBELL, VICE CHAIRMAN, METROPOLITAN COUNCIL OF THE TWIN CITIES AREA

ACCOMPANIED BY CHRIS STEINAM

Senator ANDREWS. Our next witness. Does someone else want to volunteer on the 2-minute one, or shall we go back to the other?

Ms. CAMPBELL. Thank you, Mr. Chairman. My name is Joan Campbell, and I am a member of the Metropolitan Council of the Twin Cities, and today I am representing the National Association of Regional Councils.

We do have a prepared statement which I think I can——

Senator ANDREWS. It will be in the record in its entirety, I can assure you.

Ms. CAMPBELL. OK. Then I think I can just highlight the things that NARC is particularly concerned about.

As you know, the regional councils are metropolitan planning agencies for transportation, and as such, do a great deal of planning on an areawide basis throughout the country. NARC is very much aware of the large Federal deficit, and we believe that the best way to address the deficit is a program-by-program freeze at the budget levels for fiscal year 1985.

Our association is particularly concerned about the proposed administration's budget to severely cut mass transit programs and its effect on mobility. The Surface Transportation Assistance Act was enacted in 1982; a penny of the 5-cent gasoline tax, which we strongly supported, was meant to supplement, not substitute, general revenues appropriated for mass transit purposes.

We are concerned also about operating assistance, because we believe it will have the heaviest impact on the transit dependent citizens.

Metropolitan planning process is invaluable, because while it explores expensive transportation solutions, it whittles them back to what is doable, and we have been instrumental in carrying out a number of transportation studies such as Alternatives Analysis, and the paper does include several specific examples of those kinds of efforts.

Finally, I believe that the promoting of the private sector involvement in public transit is another effort of NARC's, and over the last year we have been working with UMTA to encourage stronger ties between public transportation agencies, in particular, metropolitan planning organizations, and the private sector in transit.

In accordance with the UMTA policy directive, MPO's must include private operators in the early stages of the planning process. With limited public financial resources for transit, we must look to the private sector to play a partnership role in dealing with our local transportation problems.

I appreciate this opportunity, and I would be happy to answer any questions.

Senator ANDREWS. Thank you very much.

The administration budget provides approximately $28.6 billion for planning in fiscal year 1986. That is down from $50 million last year.

Do you know why the OMB thought that was an acceptable level?

Ms. CAMPBELL. I am going to have to ask my staff, Chris Steinam, to answer that.

Senator ANDREWS. Fine.

Ms. STEINAM. Mr. Chairman, I think that UMTA is looking at all the transit programs, and I think that it was made in accordance with their cuts on operating and capital which initially amounted to an almost 70-percent reduction. But we would like to see a freeze, as Ms. Campbell has mentioned, on the transit funding as well as the other domestic programs, and that includes the section 8 program as well.

Senator ANDREWS. Thank you very much.

Ms. CAMPBELL. Thank you.

[The statement follows:]

STATEMENT OF JOAN CAMPBELL

Mr. Chairman and members of the Subcommittee, I am Joan Campbell, Vice Chairman of the Metropolitan Council of the Twin Cities Area in St. Paul, which is designated by the Governor as that region's Metropolitan Planning Organization (MPO) for highway and transit planning and programming purposes. I am here today to testify on the proposed fiscal 1986 Urban Mass Transportation Administration budget in behalf of the National Association of Regional Councils (NARC).

NARC was initiated in 1967 to assist local government officials in organizing a rapidly growing number of regional councils. Regional councils for the most part are multicounty agencies of general purpose local governments which encompass a total regional community. Over 650 regional councils have been established to deal with areawide problems. Many are designated as metropolitan planning organizations in urbanized areas. As MPOs, they are public agencies required under Federal statute to annually plan and program highway and transit funds for their region before Federal surface transportation funds are allocated to the designated recipients.

NARC is cognizant of the danger of large federal deficits and recognizes that Federal spending must be brought under control. However, the elimination or continuation of state and local assistance programs, such as mass transit, should be considered in terms of their value to the nation and whether they are fulfilling national goals. It is clear that proposals to eliminate or severely cut programs are financial decisions designed to achieve a balanced budget. In our view, this "number-driven" approach to public policy development is inappropriate.

For these reasons, NARC urges Congress to agree on a bipartisan program-by-program freeze, including mass transit funding, in Federal spending at the budget levels established for FY85. In addition, our policy urges tax reform which removes, revises or freezes the growth of tax expenditures thereby providing revenues to complement the budget freeze. The contributions to solving our deficit problems should be done equitably and a freeze seems to be the fairest approach.

Our association is particularly concerned about the proposed Administration's budget to severely cut mass transit programs and its affect on both urban and rural mobility. When the Surface Transportation Assistance Act was enacted in 1982, the penny of the five cents gasoline tax, which we strongly supported, was meant to supplement, not substitute, general revenues appropriated for mass transit purposes. To phase out and eliminate operating assistance and cut capital grants by almost 25 percent in each of the next three years as proposed by the White House would renege on the Administration's commitment to this important legislation.

Further, the elimination of operating assistance will be detrimental especially in rural areas which rely upon this funding for up to 50 percent of a system's operating budget. Enactment of these cuts could result in significant fare increases and/or service reductions which will have the heaviest impact on our transit dependent citizens--the elderly and poor.

With the apparent constraint on Federal funding for transit, it becomes even more imperative to insure that funds are spent in the most cost-effective manner. The UMTA Section 8 planning and technical studies program, funded at $50 million in fiscal 85 out of Section 3, does just that. The bulk of Section 8 is provided to metropolitan planning organizations for a variety of purposes including: alternatives analyses, identifying more economic cost-savings approaches to reduce operating and maintenance costs, financial planning based on realistic funding projections, and participation of the private sector in promoting more cost-effective transit service.

The MPO planning process is invaluable because while it explores expensive transportation solutions, it whittles them back to what is doable. MPOs have been instrumental in carryout alternatives analysis, which, in many instances, has saved hundreds of millions of dollars by finding the most cost-effective transit alternatives. For example, after an alternatives analysis process, local officials in Baltimore selected an $87 million busway rather than a $425 million rail project in the North corridor. And, in Boston, a $107 million commuter improvement was selected rather than a $407 million rail project in the North Shore corridor.

The following are additional specific ways in which UMTA Section 8 funds have been utilized:

The Metro Council in the Twin Cities has established a regional rideshare management board which provides for rideshare service delivery in the region. It was designed to implement ridesharing on the I-394 corridor to reduce the number of freeway lanes that had to be built.

The Southern California Association of Governments, the Los Angeles region MPO, established a special task force of bus operators, public transit authorities and other regulating agencies to provide policy recommendations on improving the current commuter/express bus service. That task force recommended that if the private bus companies took over 22 bus lines, the region would save $5.5 million annually and the subsidy of a trip would be reduced by 92.4 percent.

A full scale study of the Holyoke, Massachusetts Railway System was undertaken with numerous duplicative bus routes eliminated but the level of service kept the same. The estimated cost savings to the system is $200,000 annually with no negative impact on ridership.

The Denver Regional Council of Governments, that area's MPO, recently completed a financing study which indicated that even if current federal and state revenues were sustained through the year 2000, the Denver region would be faced with a $3.6 billion shortfall in implementing their highway and transit improvements. Knowing that these revenues will not increase and may not be sustained at current levels, the MPO established a Task Force which recommended a number of ways to increase taxes to meet the expected shortfall. Based on these recommendations, the Colorado State Legislature is expected to introduce legislation allowing the Denver region to raise certain taxes for these purposes.

Transit studies on ways to improve access to two major New York City rail stations, the Grand Central and Penn Station, resulted in the ongoing construction of station renovations which should lead to increased suburban rail ridership.

As the metropolitan planning organization for the Detroit region, the Southeast Michigan Council of Governments is conducting an extensive analysis of transit needs in the hopes of providing more responsive and cost-effective service in the Detroit urbanized area. The study will identify alternative operational, organizational and financial means for providing various levels of transit service throughout the region. Improving transit for work trips from the suburbs into the central city is necessary in order to insure the economic vitality of our cities.

Public/Private Cooperation in Transit

My final comment deals with promoting private sector involvement in public transit. Over the last year NARC has been working with UMTA to encourage stronger ties between public transportation agencies, in particular metropolitan planning organizations, and the private sector in transit. In accordance with an UMTA policy directive, MPOs must include private operators in the early stages of the planning process. With limited public financial resources for transit, we must look to the private sector to play a partnership role in dealing with our local transportation problems.

I appreciate the opportunity to testify before this Subcommittee today. I will be happy to answer any questions.

RAILWAY PROGRESS INSTITUTE COMMITTEE ON PASSENGER TRANSPORTATION

STATEMENT OF LARRY SALCI, CHAIRMAN, RAILWAY PROGRESS INSTITUTE, COMMITTEE ON PASSENGER TRANSPORTATION, AND PRESIDENT, TRANSIT AMERICA, INC. OF PHILADELPHIA

Senator ANDREWS. Anyone else willing to go ahead of time on a 2-minute option?

Let me assure you your entire statement will be part of the record just as though you had uttered its every word.

Mr. SALCI. Thank you, Mr. Chairman.

My name is Larry Salci. I am chairman of the Railway Progress Institute Committee on Passenger Transportation and president of Transit America, formerly the Budd Co. of Philadelphia, PA.

Our committee represents more than 50 major U.S. corporations whose employees, managers, and stockholders depend upon sales to rail transit systems and to Amtrak. We appreciate this opportunity, and I will be very brief, Mr. Chairman.

The metropolitan area rail transit systems cannot stand the depth of the cuts the administration proposes for the Urban Mass Transit Administration, and Amtrak cannot be readily plucked out of our economy and our society. We do recognize the need for reducing the Federal budget deficit. Transit reductions should be equitable and in line with across-the-board reductions, but should not represent nearly 83 percent of the cuts proposed for the Department of Transportation budget.

The elimination of Amtrak creates an unmitigated disaster, particularly in the Northeast corridor, and it is hard for me to fathom that this industrialized country would be one of a very few without a major intercity passenger rail system. Amtrak is becoming more efficient each year and has reduced its deficit since 1980.

The UMTA programs, the Urban Mass Transit programs, represent $25 to $30 billion of investment over the last 20 years. That cannot be abandoned. The construction equipment supply industry represents about 225,000 jobs in America, in the U.S. economy. They are an integral part of our economy, and the multiplier effect for local revenues and taxes are extremely important.

Finally, American technology is assistance, or we will be exporting more jobs as we have over the last 5 years via the purchase of foreign equipment.

Thank you, Mr. Chairman.

Senator ANDREWS. I appreciate very much your cooperation. You made an excellent statement.

[The statement follows:]

STATEMENT OF LARRY E. SALCI

Good day, Mr. Chairman and members of the Committee. My name is Larry E. Salci. I am Chairman of the RPI Committee on Passenger Transportation and President of Transit America Inc. of Philadelphia, Pennsylvania.

Our Committee represents more than 50 major companies whose employees, managers, and stockholders depend upon sales to rail transit systems and Amtrak.

We appreciate this opportunity to illustrate, Mr. Chairman, that metropolitan area rail transit systems cannot stand the depth of the cuts the Administration proposes for the Urban Mass Transportation Administration, and that Amtrak cannot be readily plucked out of our economy and society.

Our position (and we are furnishing copies of our policy statement to the Congress) is this:

We recognize the need to meet the growing federal budget deficit, and we urge equitable, across-the-board efforts to reduce this deficit. I emphasize, equitable, across-the-board efforts. To the contrary, the Administration's budget request represents an abrupt, arbitrary reversal of national policy and a step backwards from our national goal of a balanced national transportation system.

Eliminating Amtrak would create an unmitigated disaster in the Northeast Corridor, and place an unnecessary burden upon our airports and highway systems. It would further isolate the cities and rural areas that depend on Amtrak service. We are at a point in our nation's development where the transportation infrastructure is in desparate need of rehabilitation and expansion. The Federal Government must not abandon its responsibility, but must continue its commitment.

Our Committee on Passenger Transportation of the Railway Progress Institute created a well-documented call for a balanced public transportation system in October of 1982. This study pointed out the benefits of a truly balanced national system. One of these was in employment. Using Department of Commerce multipliers, we found that every $1 million spent on railcars generated an estimated 44.2 man-years of work.

Amtrak spent more than $100 million with RPI member companies in one recent fiscal year. That means 4,420 man-years of work. For example, my company, Transit America Inc., has built more than 650 rail passenger cars for Amtrak. This translates to some 13,260 man-years of employment.

And so you see, Mr. Chairman, when considering Amtrak's future, it is necessary to bear in mind that there is a significant segment of our national economy depending on the continued existence and continued superb performance of our national intercity rail passenger system.

Amtrak is a world-class rail passenger system -- a railroad that any other industrialized nation would hold up to the world as a triumph of its own industries' capabilities. The Northeast Corridor is one of the most complex rail systems in the world. It intermingles Conrail freight and switching operations with stop-and-start commuter rail traffic, and high-speed trains which run at 120 miles an hour on some stretches of track. It has the most sophisticated signalling system in the world, bar none. Amtrak's new passenger cars are as modern as any you will see anywhere in the world.

From few employees and outdated, ill-working equipment, Congress created a first-rate organization employing 21,000 persons who run a efficient, reliable railroad. The federal investment has been well used. Congress should be proud of the success Amtrak represents. It is, I should think, everything the United States Congress hoped it would become. We urge Congress not to reward Amtrak's success with termination.

Reason tells us that if Amtrak is terminated, it will be terminated for good. Recreating Amtrak at some future date would be almost impossible.

It is imprudent to cast aside a $10 billion federal investment in Amtrak and pay out more in labor protection costs than would be paid to keep Amtrak running.

It is inequitable to reduce the Department of Transportation's budget by singling out Amtrak and transit for 83 percent of these reductions. And, Mr. Chairman, it simply is not in our nation's best interest. Amtrak should not be disposed of as part of an ill-conceived, short-sighted attempt to balance the budget.

As I stated earlier, Mr. Chairman, the RPI Committee on Passenger Transportation also opposes the Administration's plan for drastic reductions in federal support for the nation's metropolitan rail transit systems. If these cuts are approved by the Congress, the nation's transit infrastructure will be disrupted -- thereby endangering our investment of some $25 to $30 billion over the past 20 years. Twenty percent of the systems will be forced to consider shutting down. Required maintenance will be deferred or eliminated, and service will deteriorate. Plans for new systems will be abandoned; expansions of existing systems will be eliminated. The mobility of millions of people will be reduced.

The effect on the rail supply industry would be equally as grave. Referring once again to the economic multipliers, every dollar spent on subway construction becomes $2.36 when direct and indirect purchases are taken into account. For railcar manufacturing, the multiplier is $2.60. Every $1 of federal money spent on rail transit is not simply one dollar that disappears. It is an economic and employment generator.

Beyond the major impact that this federal investment has on the efficient transport of individuals by rail and upon the suppliers to rail passenger transportation systems, there is a tremendous beneficial impact upon land values and local taxes in the communities served by rail rapid transit systems. The metropolitan Washington area is an excellent example, and of the 15 cities in the United States that have rail rapid transit systems, I am confident that what I am about to say is applicable to most, if not all.

In 1981, the House Banking Subcommittee on the City reported results of its study on the impact of Washington's subway system on land values. (At that time, Metro was operating a system only two-thirds the size of today's 60-plus miles with some 50 stations.)

The Subcommittee found a minimum increase of at least $1.7 billion in land values generated by the opening of the subway system.

Specifically, the Subcommittee found:

-- A $1.6 billion increase in commercial land value within the District of Columbia.

-- A $100 million increase in Northern Virginia residential land value.

-- A $36.2 million increase in commercial land value in Prince George's County and Silver Spring, Maryland.

This merely underscores further my major point, Mr. Chairman. These dollars are investments that bring tremendous returns to local, state, and federal treasuries in taxes. The dollars appropriated for rail passenger transportation are not dollars lost.

I would also like to address the necessity for continuing UMTA's technology development programs -- Section 6 research and technology efforts and the 3(a)(1)(c) Technology Introduction Program. According to the Administration's budget proposals in these areas, these very valuable programs will be discontinued. There are many excellent examples of the successes resulting from the funds appropriated by Congress to reduce capital and maintenance costs. In recent years, UMTA's technical assistance office has identified and corrected problems for transit authorities, and helped the local operators to understand new technology.

The 3(a)(1)(c) program has assisted in the purchase of new technology for testing in revenue service.

UMTA facilities at the Transportation Test Center at Pueblo, Colorado, have enabled us to test new transit cars and identify problems before the cars enter into revenue service.

(I would like to note here that UMTA has yet to approve contracts for all of the $5 million that the Congress appropriated for Fiscal Year 1985 -- a circumstance that we find to be unfortunate in the extreme.)

Because transit systems are continually strapped for funds, it is most unlikely that the systems will develop or try to develop new technologies. Yet, because of the uncertainty of funding over the long term, railway suppliers simply cannot commit to developing new products for which there may be no market. Were it not for these programs and the Buy America requirements in the UMTA grant program, Mr. Chairman, our market would be virtually turned over to foreign manufacturers, who are supported by their governments and who are assured of monopoly markets at home. Canada, Japan, and certain European nations have research and development support programs for their companies.

Let us not export any more of our jobs; let us not lose the support of trained Americans that still exist in this area of American enterprise, in large part because UMTA has worked cooperatively with suppliers and operators for more than 15 years to resolve technical problems encountered in developing new technology.

All of this demonstrates to us, Mr. Chairman, and I hope to others who are less directly involved than we are, that withdrawing federal support for research and development would be far more costly than continuing it.

We representatives of the rail passenger supply industry are concerned about the budget deficit. We have come to endorse equitable, across-the-board efforts to reduce the deficit.

The Administration's proposal, however, would waste between $35 and $40 billion of federal investments made over the past 20 years; we foresee the bankruptcy of Amtrak, the rapid deterioration of the rail rapid transit and commuter systems that we now have in the country, and irreparable damage to the rail supply industry. A quarter of a million taxpaying jobs are jeopardized.

On behalf of our rail passenger supply companies, we urge this Committee to reject the Administration's transportation budget proposal, and develop a deficit reduction program that is fair, equitable, and across-the-board, and we strongly urge approval of Amtrak's request for a budget freeze at the Fiscal Year 1985 level.

Again, I thank you, on behalf of the Institute's Committee on Passenger Transportation, for the opportunity to present our statement. I will be glad to answer any questions that you might have.

Committee on Passenger Transportation
of the
Railway Progress Institute

Statement Summary

The RPI Committee on Passenger Transportation represents some 50 companies who provide equipment and supplies to the nation's rail passenger transportation systems.

The Committee recognizes the need to reduce the federal budget deficit; however, we oppose the Administration's plan for an abrupt withdrawal of funding for Amtrak and for drastic cuts in funding for mass transit systems.

We urge the Congress to:

- Adopt a budget using more equitable, across-the-board program reductions;
- Approve Amtrak's request for a budgetary freeze at the Fiscal Year 1985 funding level;
- Maintain its commitment to the nation's transportation infrastructure and a balanced national transportation network;
- Maintain sufficient funding for UMTA's technical assistance programs to encourage introduction of new technology into revenue service on the nation's transit systems.

POLICY STATEMENT
OF THE
RPI COMMITTEE ON PASSENGER TRANSPORTATION

The need to meet the growing Federal budget deficit problem has become increasingly clear. We recognize that fact and fully endorse equitable, across-the-board efforts to reduce the nation's budget deficit.

The Administration's budget requests nearly a $3.8-billion reduction in budget authority from the 1985 level for transportation programs. However, more than 83 percent of that reduction would come from the Urban Mass Transportation Administration's mass transit programs and the elimination of Amtrak's intercity rail passenger service.

The Railway Progress Institute is the association of suppliers to rail systems.

We private-sector suppliers to the rail passenger industry call attention to the following facts:

> I. The Administration's transportation budget proposal represents an abrupt, arbitrary reversal of national policy. It would impede economic growth and employment opportunities in urban and rural America.
>
> II. The budget proposal would result in the disruption of the nation's transit infrastructure and it would cause Amtrak to disappear into bankruptcy. This would throw away $10-billion of Federal investments in Amtrak, and between $25- and $30-billion in transit investments made over the past 20 years alone. Twenty percent of the transit systems would be forced to consider shutting down. Requisite maintenance would be deferred or eliminated. Service would deteriorate. The mobility of many of the nation's citizens would be reduced. Prior capital investments would be wasted. Plans for new urban rapid transit systems would be abandoned and expansions of existing systems would be eliminated.
>
> III. The Administration's budget, if approved, would mean massive negative impacts on our industry -- if not its total elimination. This puts more than 250,000 taxpaying jobs dependent upon surface passenger transportation at risk, as well as substantial investments in research, development, and manufacturing facilities. A loss of $10-billion in direct private business revenues is likely, and this grows to $25-billion when multipliers derived from the U.S. Department of Commerce's input-output studies are applied.*

The Administration has proposed a deficit reduction plan in which virtually all reductions come from cuts in non-defense domestic spending programs. In the transportation sector, virtually all of the reduction comes at the expense of transit and rail passenger service.

In its search for a quick fix to the deficit problem, the Administration has developed a proposal with disastrous long-term impacts. To achieve a $3-billion short-term saving, more than $10-billion in annual industry revenues will disappear and the mobility of America will be severely curtailed.

We urge the Congress to reject the Administration's transportation proposal and develop a deficit reduction program that is fair, equitable, and across-the-board.

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*These multipliers are 2.36 for subway construction, 2.6 for railcar manufacturing, and 2.61 for bus manufacturing.

SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD

STATEMENT OF DICK MURPHY, CHAIRMAN, SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD, AND COUNCILMAN, CITY OF SAN DIEGO

ACCOMPANIED BY:

THOMAS F. LARWIN, GENERAL MANAGER, SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD

WILLIAM JONES, BOARD MEMBER, SAN DIEGO METROPOLITAN TRANSIT DEVELOPMENT BOARD, AND COUNCILMAN, CITY OF SAN DIEGO

TOM HAWTHORNE, MEMBER, CALIFORNIA TRANSPORTATION COMMISSION

Senator ANDREWS. Next witness?

Anyone else want to go on the 2-minute one?

If not, we will go back to the normal sequence.

The next individual on the regular operation is the San Diego Metropolitan Transit Development Board, Mr. Dick Murphy.

Mr. MURPHY. Good morning, Mr. Chairman. Thank you for allowing us to testify before your committee. We do have a summarized version of our statement which has been submitted for the record.

My name is Dick Murphy. I am a member of the San Diego City Council, having served with Pete Wilson when he was mayor, and chairman of San Diego's Metropolitan Transit Development Board.

With me this morning are Tom Larwin, our general manager; Tom Hawthorne, a member of the California Transportation Commission; and William Jones, my colleague on the San Diego City Council, and a board member of our Metropolitan Transit Board.

We are here today to ask for $28.7 million in Federal section 3 moneys to complete the eastern extension of the San Diego Trolley.

Our organization built and operates the San Diego Trolley, which is San Diego's light rail transit system. The existing system was completed in 1981. It runs 16 miles from downtown San Diego south through two suburban communities to the Mexican border near Tijuana. You can see this on our map in front of you in yellow.

The existing system was built without Federal funds and had the lowest construction cost per mile of any fixed rail mass transit system built in the United States since World War II.

The San Diego Trolley has also been a big operational success. Farebox recovery has averaged 85 percent this fiscal year, and as a result of having the highest farebox recovery rate in the United States, we use no Federal operating subsidies.

Due to the success of San Diego's south line, we have begun work on an eastern extension of the trolley. That is indicated on our map here in blue and red. It will run 15 miles from downtown San Diego east through three suburban communities. It will provide relief to one of San Diego's most heavily congested traffic corridors.

The eastern extension of our San Diego Trolley is not really a new start. It will be integrated with our existing south line, and the first 4 miles shown in blue are under construction right now with State and local moneys. Furthermore, our organization has purchased the right-of-way for the remaining 11 miles, shown in red. The Federal Alternatives Analysis/Draft Environmental Impact Statement is complete and submitted to UMTA. Applying UMTA's cost-effectiveness criteria, our eastern extension would have a total cost-effectiveness index of $2.87 per rider, one of the best, we believe, that you have.

We need a total of $40 million in Federal section 3 moneys to complete the eastern extension of the trolley, and of this $40 million, $11.3 million has been previously earmarked for the project in fiscal years 1984 and 1985 for which we appreciate your assistance. Therefore, we need a remaining $28.7 million to complete the project. That total $40 million request in Federal section 3 moneys represents less than 50 percent of the total project costs.

And now I would like to first introduce Councilman William Jones who has a brief statement he would like to add for the record.

Mr. JONES. Yes; also, Mr. Chairman, my statement is here for the record, and I will be very brief. I would like to defer to Mr. Hawthorne.

This trolley corridor runs through the heart of my council district. The blue portion, the red portion runs through the middle of one of the most depressed areas in San Diego. We are not just talking about transit development, we are also developing enterprise zones in that area as well. We already have an economic development area there targeted. We have utilized UDAG as well as other moneys to bring in new businesses in the area. At one point we had one business coming forward every 12 months or so, and now we are happy to say that we have one business coming forward every month investing in that part of the city, and largely because of this trolley corridor being a plus.

I would like to defer to Mr. Hawthorne because time is of the essence, and he is here to represent us as well.

Senator ANDREWS. Thank you very much.

Mr. HAWTHORNE. Thank you very much, Mr. Chairman. My name is Tom Hawthorne. I am a representative of the California State Transportation Commission, and we are very much in support of this project. The funds are available and set aside for this, and we would ask your consideration for the minor amount that is needed now to complete the entire project.

Senator ANDREWS. Thank you very much.

Let me ask a question.

Your total request is for an additional $28.7 million in fiscal year 1986.

Do you have a phased-schedule request if the total request were not granted?

Mr. MURPHY. Well, we have asked for the full $28.7 million because it would complete the system to El Cajon. Obviously if we were to receive less than that amount of money, we could build another segment.

Tom, can you give us a specific number?

Mr. LARWIN. To keep the program on a phase schedule, to do the entire project, $11 million would be the minimum to keep on that schedule.

Senator ANDREWS. Thank you very much. We appreciate your excellent statement. We appreciate your cooperation for staying within the time.

Mr. MURPHY. Thank you, Mr. Chairman.

[The statements follow:]

STATEMENT OF DICK MURPHY

Thank you for allowing me this opportunity to testify before your Committee. My name is Dick Murphy. I am a member of the San Diego City Council and Chairman of San Diego's Metropolitan Transit Development Board (MTDB). With me this morning are Tom Larwin, General Manager of MTDB, and William Jones, my colleague on the San Diego City Council and board member of MTDB. We are here today to request $28.7 million in federal Section 3 monies to complete the eastern extension of the San Diego Trolley.

The San Diego Metropolitan Transit Development Board built and operates the San Diego Trolley, San Diego's light rail mass transit system. The existing system was completed in 1981. It runs 16 miles from downtown San Diego south through two suburban communities to the Mexican border near Tijuana. The existing system was built without federal funds and had the lowest construction cost per mile of any fixed rail mass transit system built in the United States since World War II.

The San Diego Trolley has been a big operational success. Farebox recovery has averaged 85% during the first 9 months of this fiscal year. This success is due to higher ridership than projected and low operating costs, due in part to our innovative self service fare collection system. As a result of having one of the highest farebox recovery rates in the United States, we use no federal operating subsidies.

Due to the success of the San Diego Trolley's South line, we have begun work on an eastern extension of the Trolley. It will run 15 miles from downtown San Diego east through three suburban communities terminating in the City of El Cajon. It will provide relief to San Diego's most heavily congested traffic corridor. It will also provide economic stimulus to an economically depressed area.

The eastern extension of the San Diego Trolley is not really a new start. It will be integrated with our existing Trolley system. The first four miles are under construction with State and local monies and will be completed in 1986. Furthermore, MTDB has purchased the right-of-way for the remaining 11 miles of the line. The federal Alternatives Analysis/Draft Environmental Impact Statement is complete and submitted to UMTA. Applying UMTA's cost effectiveness procedure, our eastern extension would have a total cost effectiveness index of $2.87 per new rider -- well below UMTA's $6.00 per new rider threshold requirement.

We need a total of $40 million in federal Section 3 monies to complete the eastern extension of the San Diego Trolley. Of this $40 million, $11.3 million has been previously earmarked for this project in FY84 and FY85 appropriation bills. Therefore, we need and request the remaining $28.7 million to complete the project. The $40 million in federal Section 3 monies represents less than 50% of the total project costs.

In conclusion, as elected officials ourselves who face balancing an annual city and transit budget, we appreciate the tough choices you must consider. In the face of many requests, why should you fund San Diego? First, we doubt that any other application has (1) a budget request so small ($28.7 million), (2) a proven system with a farebox recovery so high (85%), (3) a cost effectiveness index so excellent ($2.87 per new rider), and (4) a federal operating subsidy so low (0). However, we are willing to go one step further. We are prepared to promise today that if we receive the $28.7 million request in FY86, we will make no further request of Congress for Section 3 monies during the next five years. Thank you for your kind attention.

STATEMENT OF WILLIAM D. JONES

Councilman Dick Murphy spoke about the need for the Light Rail Transit system's extension to the East County. I'd like to add to what you've already heard by talking about how the trolley has already helped us to revitalize an area of San Diego that for too long has been ignored.

The current Euclid Line for our LRT system is almost entirely contained within Southeast San Diego. Its terminus is in the center of my district and the proposed extension will completely traverse my district. Southeast San Diego includes a cross section of San Diego, economically and ethnically. Building standards for the area are inferior to those in other, more affluent portions of San Diego. Employment opportunities, even during the best of times, have been limited. Unemployment rates are usually more than twice that of the city as a whole. The result has been a blighted area within San Diego where hope seems a foreign word and there has been a history of increasing welfare dependency. At last, this is starting to change.

The construction of the Euclid line is helping to give impetus for a massive improvement program for Southeast San Diego: PROJECT FIRST CLASS. There are eleven distinct neighborhoods in Southeast San Diego. Through PROJECT FIRST CLASS, we are improving the quality of life in these neighborhoods. Additionally, PROJECT FIRST CLASS is working to build up the business community. Through the revitalization of existing businesses and the creation of new ones, we are improving the business climate of the area and the opportunity for jobs.

We have created a redevelopment body, the Southeast Economic Development Corporation, to aid in our redevelopment efforts. Through their efforts, we are developing two major industrial parks in Southeast San Diego. These parks will be served by the LRT system.

The city has committed funds for landscaping projects in the district. Currently, we are putting a program together that will hire unemployed youth to landscape the district, thereby achieving two goals for the cost of one.

We are working towards the creation of a State Enterprise Zone along the trolley corridor to further increase economic development in the district. This economic development means more than just equal opportunity; in many cases it means opportunity for employment where no opportunity has existed before.

We in San Diego realize the responsibility of all levels of government contributing to a reduction in the size of the federal deficit by seeing that federal programs are efficient and are multi-purpose in scope. Federal funding of the trolley meets this test. Through the extension of the trolley, we will realize greater participation in the business environment of San Diego, increased jobs for the residents of a highly unemployed area, and economic and residential development in an area that has known little of each for so long. The extension is a catalyst for improving the condition of life in Southeast San Diego.

The city is committed to PROJECT FIRST CLASS, a program to create new business opportunities, landscaping projects in the district, and the development of quality housing.

Fare-box recovery on the trolley's Southern Line exceeds 83% thereby reducing the need for ongoing subsidies. Additionally, MTDB has undertaken an effort to encourage joint-development efforts with the private sector. These proposed joint-developments range from large office buildings and residential units to the construction of a coffee and croissant kiosk at the Southern terminus. We have retained a consultant to produce a plan to encourage further joint-development along the Eastline extension.

And MTDB is not alone in the development of the trolley. In addition to the various municipalities affected, the development of the trolley has been aided by the private sector. San Diego County developers committed to trolley development have already agreed to contributions totalling over five million dollars for future right-of-way acquisition and planning studies.

We have the opportunity to make a real difference in the way the people of San Diego's inner city live. For the first time in a long time, our people see a glimmer of hope. The extension of the trolley will provide other transportation benefits and reduce the pending pressure on the federal highway system. It will give residents of Southeast San Diego additional pride in their neighborhoods. It will help PROJECT FIRST CLASS to provide continued economic opportunities, housing revitalization and overall improvement in the neighborhoods of Southeast San Diego. When you consider the low cost per mile against these added benefits to Southeast San Diego that are to be derived from the Trolley extension, I respectfully request that you approve the expenditure for this vital rapid transit.

Thank you.

RAILWAY LABOR EXECUTIVES' ASSOCIATION

STATEMENT OF O.M. BERGE, CHAIRMAN, RAILWAY LABOR EXECUTIVES' ASSOCIATION AND PRESIDENT OF THE BROTHERHOOD OF MAINTENANCE OF WAY EMPLOYES

ACCOMPANIED BY:

J.R. SNYDER, CHAIRMAN, RAILWAY LABOR EXECUTIVES' ASSOCIATION LEGISLATIVE COMMITTEE AND NATIONAL LEGISLATIVE DIRECTOR, UNITED TRANSPORTATION UNION

WILLIAM G. MAHONEY, COUNSEL TO RAILWAY LABOR EXECUTIVES' ASSOCIATION

LAWRENCE M. MANN, COUNSEL TO RAILWAY LABOR EXECUTIVES' ASSOCIATION ON RAIL SAFETY

Senator ANDREWS. Our next regularly scheduled witness is the Railway Labor Executives' Association, Mr. O.M. Berge, accompanied by Jim Snyder, Bill Mahoney, and Lawrence Mann.

It is good to have you here, gentlemen.

Mr. BERGE. Good morning, Mr. Chairman. My name is Ole Berge, and I am chairman of the Railway Labor Executives' Association.

On my left is Mr. Mahoney, who is counsel for RLEA, and on my right is Mr. Mann, who is also counsel for RLEA.

We regret that Jim Snyder is not with us yet. He is not sufficiently recovered from his recent surgery to participate.

Senator ANDREWS. Give him my best.

Mr. BERGE. I certainly will. Thank you very much.

I have a brief summary of the statement that we have submitted to your committee for the record. We appreciate this opportunity to present to you our position of strenuous opposition to the current administration's proposal to obliterate forever rail passenger service in the United States and to effectively cripple our urban mass transit system program which has been eminently successful for over two decades.

We submit that Amtrak appropriations should be maintained at $684 million, and that the Urban Mass Transit appropriation also be maintained without reduction.

I would also like to submit for the record a separate statement relating to rail safety appropriations.

I would like first to discuss the loss of Amtrak. I say loss advisedly, because anything more than a very nominal reduction in the amount of Amtrak's needed appropriation of $864 million would mean a cessation of all Amtrak operations no later than the end of October of this year. The president of Amtrak, Mr. Graham Claytor, has so testified before the Commerce Committees of the Senate and House, and detailed for those committees irrefutable support for that statement.

Amtrak has now proved its worth. It has surpassed expectations and its future looks bright indeed, unless, of course, it is annihilated as proposed by the administration. Without massive Federal aid, both direct and indirect, to each mode of transportation, none could exist. If full Federal aid to airlines, including tax revenues lost because deductions for business travel and the cost of the Federal airway system were considered in determining cost to the taxpayer, each airline passenger costs the Government $42 while each Amtrak passenger costs $34.

According to information issued by Amtrak, some 21,000 Amtrak employees would be put out of work on October 1, 1985, as well as about 4,200 employees of other railroads who perform services for Amtrak. The loss of those employees will remove some $100 million annually from U.S. income tax revenues and $524 million from the revenues of those 44 States in which the employees work and live. It will also have a significant adverse impact on the Railroad Retirement system which the Congress very recently and successfully strove to place in a financially viable but at the same time financially delicate posture.

In the very near future, it will have removed some $3.9 billion from the Railroad Retirement Trust Fund which provides income to 1 million beneficiaries.

What will the net effect of a deficit be if we junk Amtrak? The administration has not told us. It has not estimated the amount of tax revenue loss the Government would suffer without Amtrak, and that is the crucial figure. We all know the cost savings and revenue loss will be equal or nearly equal, and we will no longer have a rail passenger network.

Attached to my prepared testimony is a paper which we prepared which obviously supports State monetary losses which will occur if Amtrak is lost. The adverse effect on the quality of life in this country would be much greater than the money involved. One must face and answer the question whether the deficit reduction, if any, is sufficient to deprive ourselves forever of an efficient, dependable rail passenger service which over 20 million people now use each year, and their numbers grow annually.

We must answer that question in the negative. Certainly the administration has provided no supportive reasons for answering otherwise.

Another proposal of the administration is to cut by 25 percent the funds given to urban mass transit in this country. The Congress decided in 1984 that substantial aid to urban mass transportation systems in this Nation was essential. Privately owned transit systems were not economically feasible, they could never pay their way through the farebox.

Senator ANDREWS. Mr. Berge, if the freeze level, $684 million for Amtrak, was not doable——

Mr. BERGE. I beg your pardon.

Senator ANDREWS. If the freeze level of $684 million for Amtrak was not doable, if it came to the $450 million, $500 million level, do you know where savings in Amtrak might be found?

Mr. BERGE. I really do not, but Mr. Claytor testified the other day on the percentage of Amtrak that would cause him to shut it down, and it was a very minimal, anything over 10 percent, Mr. Claytor said, would cause him to shut Amtrak down.

Senator ANDREWS. We recall that testimony, and we wondered if you agreed with it. You do, and that is the key thing.

Mr. BERGE. I do agree with it. I cannot see where Amtrak can generate savings enough in their operation to an amount of 10 percent of the $680 million.

Senator ANDREWS. All right. Thank you very much for an excellent statement. We appreciate your appearance here.

Mr. BERGE. Thank you.

[The statements follow:]

STATEMENT OF OLE M. BERGE

My name is Ole M. Berge. I am Chairman of the Railway Labor Executives' Association and President of the Brotherhood of Maintenance of Way Employes. The headquarters of the RLEA is located in the Railway Labor Building, 400 First Street, N.W., Washington, D.C. Accompanying me today is Mr. J.R. Snyder, RLEA Legislative Chairman, Mr. William G. Mahoney, counsel to the RLEA. On behalf of the nation's railroad employees whom we represent, I would like to convey our appreciation for this opportunity to present to you our position of strenuous opposition to the current Administration proposals to obliterate forever rail passenger service in the United States and to effectively cripple our urban mass transit system program which has been eminently successful for over two decades. We submit that the Amtrak appropriation be maintained at $684 million and that the urban mass transit appropriation also be maintained without reduction. I am also submitting a separate statement relating to rail safety appropriations.

The Railway Labor Executives' Association is an unincorporated association with which are affiliated the chief executive officers of all of the standard national and international railway labor unions in the United States. The organizations whose chief executive officers are members of the RLEA are listed below:

American Railway & Airway Supervisors Association,
  Division of BRAC
American Train Dispatchers' Association
Brotherhood of Maintenance of Way Employes
Brotherhood of Railroad Signalmen
Brotherhood Railway Carmen of the United States
  and Canada
Brotherhood of Railway, Airline and Steamship
  Clerks, Freight Handlers, Express and
  Station Employes
Hotel & Restaurant Employees and Bartenders
  International Union
International Brotherhood of Boilermakers
  and Blacksmiths
International Brotherhood of Electrical Workers
International Brotherhood of Firemen & Oilers
International Longshoremen's Association

National Marine Engineers' Beneficial Association
Railroad Yardmasters of America
Seafarers International Union of North America
Sheet Metal Workers International Association
Transport Workers Union of America
United Transportation Union

I would like first to discuss the loss of Amtrak. I say "loss" advisedly because anything more than a very nominal diminution of the amount of Amtrak's needed appropriation of $684 million would mean a cessation of all Amtrak operations no later than the end of October of this year. The President of Amtrak, Mr. Graham Clayton, has so testified before the Commerce Committee of the House and detailed for that Committee his irrefutable support for that statement.

Amtrak has now proved its worth. It has been worth the investment made in it by the employees and the unions and the taxpayers. It has surpassed expectations in its performance over the past few years and its future looks bright indeed unless, of course, it is annihilated as proposed by the Administration.

When one examines the federal aid offered each form of passenger transportation available to the public in this nation, one is immediately struck by the reality that without massive federal aid to each mode of transportation, none could exist. Federal aid, of course, takes many forms, direct and indirect, from outright grants to tax benefits.

If full federal aid to the airlines, including tax revenues lost because of tax deductions for business travel, were considered in determining the cost to the taxpayer of each airline passenger, one would find that cost to be about 30% more than the cost for each passenger riding Amtrak.

The financial and social burden to the states of eliminating the mode of transportation for 20 million of their citizens and the jobs of 25,000 people in 44 states could not be borne by them. The Northeast Corridor, owned by Amtrak, provides the means of commuter travel for tens of thousands of people every day. The individual commuter authorities simply could not fill the transportation gap that would be left by the elimination of Amtrak: and, we have seen no rush of private companies to buy and operate the Northeast Corridor

It has been estimated that commuters on the New York-Washington segment of the Corridor would have to pay an additional $164 million annually and those on the New York-Boston segment would have to pay an additional $48 million. These amounts would be in addition to the $65 million annually which they now pay Amtrak.

The Administration also plans severe cutbacks in financial aid to mass transit authorities which I will mention in more detail in a moment, including, of course, those in the Northeast Corridor, consequently, there would be insufficient money to continue the commuter operation in the Northeast Corridor and it would be back to the clogged highways for hundreds of thousands of commuters from Washington to Boston with all of the environmental, health, and highway maintenance costs - all borne by the taxpayer - which that return to the highways would produce.

The losses to this country from elimination of rail passenger service forever will be many and great. These include the loss to many communities of their sole means of public transportation; the heavy impact upon low income and elderly passengers; national defense implications; the enormous capital waste involved; and the long-term adverse effect upon the overall quality of life in this nation.

The RLEA would like to focus for a moment upon the effects which the elimination of Amtrak will have upon railroad employees. According to information issued by Amtrak, some 21,000 Amtrak employees would be put out of work on October 1, 1985, as well as about 4,200 employees of other railroads who perform services for Amtrak. The loss of these employees will remove some $100 million annually from U.S. income tax revenues and $524 million from the revenues of those 44 states in which they work and live: as much as $85.8 million from Pennsylvania; $56.7 million from New York; $55.9 million from Maryland; $52 million from New Jersey, and so on. The removal of this large number of employees from the payroll of the railroad industry will have a significant adverse impact upon the railroad retirement system which the Congress very recently and successfully strove to place in a financially viable - but at the same time financially delicate - posture. In the very near future it will have removed some $3.9 billion from the railroad retirement trust fund which provides income to 1,000,000 beneficiaries. It will also seriously increase the burden on the railroad unemployment insurance system on which Congress only last year received a report from its statutorily appointed committee with recommended legislative action.

What is the net gain - or loss - to the U.S. Treasury over the 10 or 15 years if we junk Amtrak? The Administration hasn't told us. The President said Amtrak would cost $8 billion over the next decade (a seemingly exaggerated figure since Amtrak has cost but $7.9 billion over the past 16 years and if the present appropriation was frozen for 10 years could cost but $6.84 billion). However, the President did not say what the cost to the Government would be without Amtrak. Indeed, the loss of tax revenues from Amtrak's unemployed alone would be over $1 billion not to mention similar revenue losses from the thousands of people and hundreds of companies, large and small, which exist as suppliers of Amtrak. Attached to this prepared testimony is a paper which we prepared on some of the more obvious federal and state monetary losses which will occur if Amtrak is lost. The adverse effects on the quality of life in this country would be much greater than the money involved. One must face and answer the question whether the financial gain, if any (or perhaps loss), to this nation is sufficient to deprive ourselves forever of an efficient dependable rail passenger service which over 20 million people now use each year - and their numbers grow annually. We must answer that question in the negative. Certainly, the Administration has provided no supportive reasons for answering otherwise.

Another proposal of the Administration is to cut by 25% the funds given to urban mass transit in this country. The Congress decided in 1984 that substantial aid to urban mass transportation systems in this nation was essential. It had been proved repeatedly and at that time was being proved daily that privately owned transit systems were not economically feasible; that they cold never pay their way through the fare box; that local and state governments alone simply did not have the financial resources adequate to subsidize mass transit; and, without mass transit our metropolitan areas, which continually grow in number and size, would choke to death in their own smog and immobility. The need was particularly acute for those of our citizens, who for financial or other reasons, simply could not get to and from work without public transportation.

To cut federal aid by 25% to this nation's 20 year program of mass transit assistance would force the shut down of a number of systems and the remainder would have to raise fares substantially which would compel those who could make the choice to drive to and from work and would force the poor and lower-middle income to pay what they could not afford.

Forced service cuts and the elimination or severe curtailment of capital improvements and maintenance will necessarily result in deterioration nationwide. Our less fortunate citizens will be forced to pay much more for much less.

The American Public Transit Association has estimated that the proposed $798 million cut in federal aid would cause the loss of more that 200,000 jobs in the transit industry, thereby swelling the rolls of those receiving unemployment compensation and shrinking the income tax revenues to the U.S. and state reasuries by about as much as is being cut from the budget. The et result being no savings to the Government and a deteriorating ass transit system being utilized by those who can hardly afford o pay existing fares.

We submit this simply is not the way to cut the deficit of this nation. We ask you not to cut these essential funds.

FACTS YOU MUST KNOW BEFORE YOU VOTE ON THE DESTRUCTION OF AMTRAK

PRESIDENT REAGAN'S BUDGET MESSAGE ERRED RE AMTRAK:--

AMTRAK WAS NOT BEGUN ON A TWO YEAR TRIAL BASIS BUT AS A PERMANENT PROGRAM. [SEE NRSPA OF 1970, SEC. 101, 84 STAT. 1328; SEC. 303(a), 84 STAT. 1330; SEC. 308(b), 84 STAT. 1333; SEC. 401(a)(1), 84 STAT. 1334; SEC. 403(a), 84 STAT. 1335; SEC. 404(a), (b)(1) AND (3), 84 STAT. 1336; SEC. 405, 84 STAT. 1337.]

AMTRAK WAS NOT EXPECTED BY CONGRESS TO MAKE A PROFIT IN TWO YEARS OR AT ANY PARTICULAR FUTURE TIME. THEN--AS NOW--AXIOMATIC--PASSENGER TRAIN SERVICE IS NOT PROFITABLE. A "FOR PROFIT" CORP. IS A LEGAL--NOT AN ECONOMIC--DESCRIPTION.

AMTRAK WILL NOT COST U.S. $8 BILLION IN THE NEXT DECADE--BUT LOSS OF AMTRAK COULD WELL COST MORE.

AMTRAK IS NOT MORE COSTLY TO U.S. THAN AIRLINES--ALL U.S. COSTS INCLUDED: AMTRAK $34 PER PASSENGER; AIRLINES $42 PER PASSENGER.

CONGRESS CREATED AMTRAK TO INSURE, AMONG OTHER THINGS, "THAT THE TRAVELER IN AMERICA SHOULD TO THE MAXIMUM EXTENT FEASIBLE HAVE FREEDOM TO CHOOSE THE MODE OF TRAVEL MOST CONVENIENT TO HIS NEEDS" [NRPSA §101].

20 MILLION PEOPLE NOW CHOOSE THIS FREEDOM AND RIDE AMTRAK--THE NUMBER GROWS EACH YEAR.

47% OF AMTRAK LONG HAUL PASSENGERS HAVE FAMILY INCOME OF LESS THAN $20,000.

36% ARE OVER 55 YEARS OF AGE.

21% ARE OVER 65 YEARS OF AGE.

17,500 PEOPLE EACH DAY RIDE AMONG STATIONS BETWEEN NEW YORK AND WASHINGTON.

U.S. SUPPORT TO AMTRAK HAS BEEN $8 BILLION IN LAST 16 YEARS--IS NOW $684 MILLION FOR FY85 AND GOES DOWN EVERY YEAR SO THAT AT MOST OVER NEXT DECADE IT WOULD BE $6.84 BILLION.

BUT U.S. WILL LOSE:

ALL RAIL PASSENGER SERVICE FOREVER.

ITS $8 BILLION INVESTMENT--INCLUDING $3.1 BILLION IN EQUIPMENT WITH LITTLE SALVAGE VALUE

OVER $100 MILLION PER YEAR IN INCOME TAX REVENUE FROM 21,000 AMTRAK AND 4,200 OTHER RAILROADS' EMPLOYEES PUT OUT OF WORK

TAXES FROM AT LEAST $200 MILLION RAILROADS WILL DEDUCT BECAUSE OF PAYMENTS TO 4,200 EMPLOYEES UNDER CONGRESSIONALLY MANDATED APPENDIX C-1 PROTECTION

TAXES FROM THE THOUSANDS OF EMPLOYEES OF AMTRAK SUPPLIERS OF LOCOMOTIVES, CARS AND ALL OTHER EQUIPMENT WHO WILL LOSE THEIR JOBS.

TAXES FROM AMTRAK SUPPLIERS OF BOTH DURABLE AND CONSUMABLE GOODS.

THE INVESTMENT IN UNION STATION.

$3.9 BILLION FROM U.S. RAILROAD RETIREMENT TRUST FUND IN NEAR FUTURE VERY PROBABLY RENDERING THAT FUND BANKRUPT AND CONGRESS' RECENT SUCCESSFUL EFFORTS TO MAKE THE SYSTEM VIABLE, FUTILE. 1,000,000 BENEFICIARIES WOULD SUFFER.

POSSIBLE $2.1 BILLION OVER SIX YEARS UNDER CONGRESSIONALLY IMPOSED EMPLOYEE PROTECTION ARRANGEMENT DESIGNED BY SECRETARY OF LABOR (APPENDIX C-2). RECENT SUPREME COURT DECISION DOES NOT ADDRESS THIS ISSUE AND IS NOT APPLICABLE.

STATES WILL LOSE:

INCOME TAXES FROM EMPLOYEES AND SOME $524 MILLION ANNUALLY SPENT BY EMPLOYEES IN 44 STATES

OVER $100 MILLION INVESTED BY STATES IN TRAINS, FACILITIES AND TRACKS

$277 MILLION ANNUAL COST TO STATES TO OPERATE NORTHEAST CORRIDOR

OVER 500 COMMUNITIES LOSE RAIL SERVICE
161 COMMUNITIES WILL HAVE NO RAIL OR AIR SERVICE.
52 COMMUNITIES HAVE NO RAIL OR BUS SERVICE.
29 COMMUNITIES WILL HAVE NO SERVICE AT ALL.

WHAT WILL BE THE ACTUAL, COMPLETE NET SAVING OR LOSS TO THE FEDERAL TREASURY OVER THE NEXT 10 TO 15 YEARS IF WE DESTROY AMTRAK?

DOES THE ADMINISTRATION REALLY KNOW?

WE SUPPORT RAILROADS IN OTHER COUNTRIES THROUGH THE WORLD BANK--DON'T KILL OURS. SUPPORT AMTRAK WITH THE $684 MILLION NECESSARY FOR ITS CONTINUED LIFE AND IMPROVEMENT.

J.R. (Jim) Snyder, Chairman
Legislative Committee, RLEA

STATEMENT OF J.R. SNYDER

My name is J. R. Snyder. I am the National Legislative Director of the United Transportation Union. I am appearing today as Chairman of the Safety Committee of the Railway Labor Executives' Association. Accompanying me is Lawrence M. Mann, attorney for RLEA in this matter. The RLEA represents all the crafts of the railroad workers in this country, and the names of the constituent organizations are as follows:

American Railway Supervisors Association
American Train Dispatchers Association
Brotherhood of Locomotive Engineers

Brotherhood of Maintenance of Way Engineers
Brotherhood of Railroad Signalmen
Brotherhood of Railway Carmen of the United States and Canada
Brotherhood of Railway, Airline and Steamship Clerks
Hotel Employees & Restaurant Employees International Union
International Association of Machinists and Aerospace Workers
International Brotherhood of Boilermakers and Blacksmiths
International Brotherhood of Electrical Workers
International Brotherhood of Firemen & Oilers
International Brotherhood of Longshoremen's Association
National Marine Engineers' Beneficial Association
Railroad Yardmasters of America
Sheet metal Workers' International Association
Seafarers International Union of North America
Transport Workers Union of America
United Transportation Union

STATISTICS

We are unhappy to report that in every major safety category the statistics have become worse since last year. The category of rail-highway crossing accidents more directly affect the general public than other categories. The chart below will demonstrate the comparison of 1983 and 1984.

ACCIDENT STATISTICS
AT PUBLIC AND PRIVATE CROSSINGS

	ALL ACCIDENTS	FATALITIES	INJURIES
1984	7,276	648	2,911
1983	7,161	575	2,623

The overall statistics covering accidents (incidents excluded) and deaths during 1983 vs. 1984 are close. There were approximately 3,800 accidents in both years. In 1983 there were 50 deaths and in 1984, 63 persons died in accidents. Injuries in 1984 nearly doubled. There were 893 injuries sustained in accidents during 1984 as compared with 502 injuries in 1983. The FRA in earlier testimony before your Committee, compared 1980 statistics with 1984 results. That is like comparing apples and oranges. First of all the number of employees in 1980 totaled 480,410 and in 1983, there were 341,500 employees. There were

428.5 million train miles operated by the railroads in 1980 and only 345.9 million train miles in 1983. The 1984 figures are not available yet. Also the threshold monetary value for an accident has increased from $2,900.00 in 1980 to $4,500.00 in 1984.

It is interesting to observe that the statistics testified to by the FRA Administrator previously were very selective, and therefore does not give a true picture of the data. The Administrator accurately points out that fatalities increased, but he failed to point out that injuries sustained during the same time period nearly doubled in 1984. Also, why didn't the Administrator discuss the train "incidents" which result in more deaths and more injuries than occur in "accidents". In all accidents and incidents there were 33,400 injuries to rail workers. That is more than 10% of the work force. If you exclude clerks and other non-operating crafts, the percentage doubles.

In understanding the figures supplied by FRA it is necessary to distinguish accidents from incidents. Accidents are defined as a collision, derailment, or other event involving the operation of railroad on-track equipment resulting in physical property damages that exceed $4,900.00 for the 1985-1986 period. The threshold figure established by FRA during 1983-1894 was $4,500.00. The key to classifying an event as an accident is how much property damage was involved.

A train incident is an even involving the movement of railroad on-track equipment that results in a death, a reportable injury, or a reportable illness, but in which railroad property damage does not exceed $4,900.00. A non-train incident in an event arising out of railroad operations but not from the movement of on-track equipment, which does not exceed $4,900.00 in property damage, and results in a death, a reportable injury or a reportable occupational illness.

The train incident statistics need to be included for a complete representation of what's happening in rail safety. The chart below gives those figures for 1983 vs. 1984.

	TRAIN INCIDENTS	DEATHS	INJURIES
1984	6,126	515	5,528
1983	5,679	432	5,182

Any way the FRA and the railroads attempt to twist the figures, the bottom line is still the same---safety was much poorer in 1984 than in 1983.

The logical question to be posed by your Committee is why have the safety statistics worsened in 1984. The answer is obvious to the rail workers who operate every train, perform all of the inspections when allowed by railroad management, and observe on a 24-hour basis 7 days a week what is happening. The FRA does not do its job in assuring that the railroads comply with the safety laws adopted by Congress and the implementing regulations. There are few incentives for railroads to comply. In the first place equipment may not be inspected even once a year by the FRA. Under the FRA's policies, even if a defect is discovered by a FRA inspection, the railroad is first given a chance to correct the violation. If the railroad still does not correct the defect, then only will FRA take action. The word "action" is used in its broadest terms because there is a slim chance FRA will impose a fine. For example, in 1984 the FRA inspectors discovered 286,771 defects and FRA sought fines in only 13,000 cases, which covers less than 4% of the defects discovered. Furthermore, the fines are compromised under the Federal Claims Collection Act. It is clear to anyone having knowledge in rail safety that FRA's enforcement is a sham. If the FRA is not going to be any more than a surrogate for the railroads, its function should be absorbed into another agency such as OSHA. For this budget conscious Congress, substantial sums of money could be saved by transferring the jurisdiction.

Another chart may be informative to your Committee in its deliberations. The chart compares the defects discovered versus the violations reports filed in 1984.

I. CARS

Freight Car Standards

Cars Inspected	Defects	Violation Reports
1,031,644	53,317	896

II. Safety Appliances

Defects	Violation Reports
46,937	(1583)*

III. Power Brake

Defects	Violation Reports
42,712	(1583)*

*The violation reports for safety appliances and the power brake defects are combined by the FRA.

IV. LOCOMOTIVES

Locomotives Inspected	Defects	Violation Reports
37,123	24,495	240

V. TRACK

Miles Inspected	Defects Recorded	Violation Reports
334,095	88,041	129

VI. SIGNAL

Miles Inspected	Defects Recorded	Violation Reports
22,611	8,534	83

INSPECTORS

Concerning FRA's overall request for railroad safety, it proposes a net increase of 4 positions over FY 1985 levels. We realize your Committee's budget concerns, but we feel there is a need for many more safety inspectors to enforce the safety laws. As of December 31, 1984, FRA had on board exclusive of supervisors 312 safety inspectors classified as follows: 102 motive power and equipment, 61 operating practices, 76 track, 40 signal and train control, and 33 hazardous materials. With that staff FRA is required to inspect approximately 300,000 miles of track, 28,000 locomotives, 1.5 million freight cars and 125,000 miles of signal systems. Nearly one-half of the Federal inspectors are generally unable or never able to cover their territories. Some inspectors pointed out to the GAO that it would take them three to five years to cover their territories, and others acknowledge that some major facilities and inspection points had not been inspected by FRA in years.

We urge your Committee to appropriate $31 million, plus $2.9 million for the State safety programs. This would allow for the hiring of 30 additional inspectors, 10 each for motive power and equipment, signals, and track. An appropriation for additional Federal inspectors will be cost effective. It would reduce the high property damage figure, and, more importantly, would help eliminate the high costs and human suffering attributable to the many injuries and deaths which are occurring on the railroads.

TRAVEL FUNDS

Rail labor again this year urges your Committee to recommend earmarking specific funds to provide 20 days each month for travel for each inspector employed by FRA. The essence of the inspector's function is to travel to the location where railroads operate and inspect these locations. The travel money for safety inspectors has been depleted prematurely many years running because FRA never seeks an adequate amount. The per diem costs have risen, the car travel expenses have increased, and the areas required to be inspected have expanded.

STATE FUNDING

The FRA's budget request does not seek funds for the state safety inspection program. We strongly urge the Committee to retain those funds. The need for the state safety inspection program is even more significant now that FRA's Federal inspection has been downgraded, as reflected by the numbers of defects found versus the violation reports that were filed. The states which have invested substantial time and effort in establishing effective state enforcement programs are now left out in the cold. The states relied on the Congressional direction in 1970 that there would be matching funds for state rail safety enforcement. Now all of a sudden because of certain influence within FRA, the Association of American Railroads has prevailed in its long pending attempt to oust the states from any effective enforcement program. Without Federal matching funds, it is obvious that many states will have to drop their certifications and/or agreements to enable states to assist the Federal government in rail safety enforcement.

RESEARCH AND DEVELOPMENT

Rail labor is concerned that the research and development money is not going into the areas which cause the greatest number of injuries and deaths. The railroads alone make the determination of the cause of every accident. We have serious reservations concerning the accuracy of the figures presented to FRA. You must keep in mind that these statistics are the ones relied upon by FRA, Congress and the public in making decisions on railroad safety. They are the figures quoted to you by every witness discussing rail safety. The point is that there must be more reliability in these statistics.

One area that should be earmarked is studying human error accidents. The railroads attribute human error as a major cause of accidents nationwide (over 25% last year). There should be on going research analyzing cases where a railroad assigns human error as a cause of an accident. The National Transportation Safety Board has recognized this need, but the FRA still devotes nearly all of its research funding on equipment related studies.

Secondly, grade crossing accidents, injuries and deaths should be given much greater emphasis since this category represents the majority of rail related accidents. None of the specifically funded research projects in 1984 related to grade crossings.

LABOR/MANAGEMENT PROGRAMS

We are concerned about the absence of funding for the successful labor/management program. The elimination of this program is coming at a time when carriers are increasingly willing to commit resources to address with their employee representatives and their employees critical issues such as maintaining and increasing traffic training and retraining and the implementation of effective programs to prevent alcohol and drug abuse.

FRA funding provides critical leverage to launch these programs. In the case of labor/management projects FRA provides less than 50% of the cost. Recently, the program provided funding for five regional meetings on "Operation Redblock." These alcohol and drug prevention seminars were attended by over 1,000 railroad labor and management officials. New commuter railroads such as the commuter operation in Chicago can especially benefit from cooperative projects that allow labor and management to take a joint approach to problem solving from the beginning.

I would like to discuss other accomplishments of railroad labor and management through the support provided by FRA's Labor/Management Program which has indeed been remarkable. The joint Labor Management Program on the Milwaukee Railroad has played a large role in that railroad's ability to survive during some hard economic times. The New England Labor Management Task Force presently has ten meaningful experiments underway which are retaining and attracting business and jobs which might not have otherwise materialized. The Labor Management Program on Conrail has received enthusiastic support at the working level, where managers and employees are active in joint problem solving exercises across Conrail's system. In addition the Northeast Illinois Railroad Corporation is now participating, and soon we hope the Soo Line will be involved.

We request that the Committee provide funding to allow this very worthwhile grant program to start new projects on a cost sharing basis with the railroads and labor unions, and to continue the development of voluntary alcohol and drug prevention programs.

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

STATEMENT OF WILLIAM T. DRUHAN, NATIONAL CONFERENCE OF STATE RAILWAY OFFICIALS

Senator ANDREWS. We understand that Mr. Druhan is willing to go under the 2-minute show.

We want to accommodate his schedule. Mr. William Druhan, who is representing the National Conference of State Railway Officials.

Mr. DRUHAN. Thank you, Mr. Chairman. Now that we are on the subject of railroads, I am willing to take a reduced time.

You have stated that you think that we should not be penny wise and pound foolish and throw away worthwhile programs. I am here to ask your support for three small programs.

The first one is the Local Rail Service Assistance Program. This is a small-capital program which is essential to many small communities, rural communities like in your State. The States contribute more than 10 times their required match, and we feel that if the program is completely eliminated, that the whole partnership and congeniality of the State programs will fall down.

The second program is the Railroad State Safety Participation Program. As you know, this program was created and promoted since 1970 by Congress. We feel that the $3 million which is all that is required to keep the State inspectors on the tracks in 32 States is certainly not a budget busting item, and you should not eliminate the whole program on a budget basis. It is clearly justified, and more importantly, if you are thinking budgetwise, it will cost you more to pay the Federal inspectors to replace the State inspectors because the Federal inspectors receive a higher salary, which is——

Senator ANDREWS. Well, as you know, this committee has funded all three programs. You are going to have to convince our counterparts in the House to do likewise.

Mr. DRUHAN. I will be there this afternoon to make my pitch, Mr. Chairman.

Senator ANDREWS. Fair enough.

Mr. DRUHAN. The third one is Amtrak. You have heard all kinds of arguments in support of it. We just wanted to say that if you are cutting it, it should not be cut to the depth that you eliminate the 403(b) trains because this could start that same domino effect that Mr. Claytor says, if you eliminate a train, then you have got to pay labor protection and the other items. The 403(b) trains are in that same category, and they need your support.

That is all, Mr. Chairman.

Senator ANDREWS. Thank you very much.

[The statement follows:]

STATEMENT OF WILLIAM T. DRUHAN

Mr. Chairman, my name is William T. Druhan. I appreciate very much your invitation to appear here today to express the Association's views on a number of rail issues. I am appearing here today in place of Ray D. Bass, Chief Executive Officer, Alabama Highway Department. Mr. Bass is the Chairman of NCSRO and is unable to attend.

We are requesting appropriations for fiscal year 1986 for the continuation of the Local Rail Service Assistance Program, the Railroad Safety State Participation Program, and state supported Amtrak trains.

The Association is obviously concerned about the fiscal problems confronting the nation at this time and the efforts being made by this Committee to reduce the budget deficit. Understandably, you must make some tough decisions. The Association is also aware of the fact that there is a lack of volunteers outside the Administration willing to accept a reduction in funding. Although included in that group, we believe there is no justification for the complete elimination of our rail programs. We believe that this is tantamount to legislation by budgetary fiat. It arbitrarily abolishes programs without recognition of their merit as established by the authorizing committees. Mr. Chairman, you stated with regard to Amtrak: "While I am very concerned about excessive federal spending and our huge deficit, we must not be penny-wise and pound-foolish when it comes to worthwhile programs." We believe that in addition to Amtrak, the Local Rail Service Assistance Program and the Railroad Safety State Participation Program can also be considered worthwile programs that should not be abolished.

Local Rail Service Assistance Program

AASHTO is strongly opposed to the elimination of funding for the Local Rail Service Assistance Program as proposed in the federal budget for fiscal year 1986.

The LRSA program is the stylobate upon which state rail programs are built and is essential to the economic well being of many communities.

The Local Rail Service Assistance Program was established by the Regional Railroad Reorganization Act of 1973 in recognition of the burdens placed upon the states as a result of changes made to the Interstate Commerce Act. The program provides financial support to the states for the continuation of rail freight services on light density lines. This assistance is in the form of capital rehabilitation and improvements -- not operating subsidies. Thus, if the federal budget were to be divided between capital items and expense items, as has been suggested by interested parties, the LRSA program could be justified as a capital budget item. In this regard, it is noted that Chairman Howard of the House Public Works and Transportation Committee is again sponsoring a bill in this Congress providing for a program to assist infrastructure needs for surface transportation, primarily highways and waterways. The LRSA program, although identical in nature to the infrastructure program, is not included because it does not come under the jurisdiction of his committee. Nevertheless, the fact that the infrastructure program is being promoted is a recognition of the necessity for federal involvement in this type of program. This federal involvement is consistent with national transportation policy, national agricultural policy, and the federal directive for local self help.

The LRSA program has been a catalyst in providing state rail plans on a uniform basis and assistance for transportation problems. The program has considerably enhanced the economic well being of enumerable communities beyond what reasonably could have been expected considering the limited amount of funds provided by the federal government. Many of the branchlines assisted by this program, and more importantly many of the branchlines which need assistance, serve the nations economy by providing low cost transportation of agricultural and manufactured products, coal, and other industrial commodities.

The LRSA program requires that 30% of the funding come from non federal sources. Actually, the states, railroads, and shippers have provided 10 times the amount required for this match. Although non federal funding was provided in excess of the required amount, it should be recognized that in most instances these funds would not have been made available without the federal and state "seed funds". In some instances the state funds would not have been available without federal "seed funds".

Administrator Riley testified before this subcommittee that many states have rail assistance programs and are not in need of the federal program. Although it is true that the states have programs, it is not true that these and other states do not need the federal program. Moreover, failure to appropriate funds for this program would result in the complete demise of the program in many states. Thus, there will be instances where states will not prepare the annual state rail plan which has proven to be very useful to the railroads and shippers. In other instances the rail plan will be prepared, but it will be on an inconsistent basis as there will no longer be a requirement to follow federal guidelines. Termination of the program at this time would destroy the uniformity and cohesiveness among the states developed over the past decade for the purpose of solving national branchline problems. The LRSA program provides a uniform and timely planning process which is essential to states individually and collectively. Both the federal and state governments have a role in solving national branchline problems and neither can abdicate its responsibility.

Contrary to statements made by Administration officials, the problems this program has been designed to alleviate have not been eliminated. Rather, the problems continue and in many instances the situation has been exacerbated by the federal government. No region in the country has been exempted from the massive abandonments of branchlines resulting from the easing of abandonment procedures permitted in federal legislation or from the large number of abandonments resulting from mergers permitted by the federal government. Earlier this year we conducted a survey of the states to identify their total remaining rail capital needs. The results of this survey are attached to this statement. It will be noted that the remaining rail capital needs for rehabilitation and acquisition amount to over $1.3 billion. Only Hawaii, Utah, and Wyoming indicated that they do not have needs for this program. It should be noted that the identified needs do not include funds necessary for planning purposes, grade crossing safety projects, or grade crossing surface repair projects. Also, the projects included are those eligible for funding under the LRSA program which the state would be willing to finance with its own funds if such funds and federal "seed funds" were made available. It can be readily seen that the branchline problems have not been solved in any region of the country. Rather, in comparison with previous surveys, the needs are increasing.

The federal government continues to impose additional abandonment burdens upon the states. The Northeast Rail Service Act of 1981, for example, permitted massive additional abandonments of Conrail lines on an expedited basis. Moreover, this authority was extended beyond the original termination date. Consequently, Conrail abandoned over 5,000 miles of branchlines.

Similarly, approval has been given for the merger of a number of Class 1 railroads. These mergers resulted in considerable branchline abandonments since rationalization of the system is one of the major justifications for such mergers. The proposed sale of Conrail to Norfolk Southern will result in additional abandonments.

Federal legislation also precludes states from obtaining funding to alleviate these problems. With regard to Conrail, for example, the act which permits expedited abandonments also precludes the states from collecting property taxes from the railroad. These taxes amounted to over $25 million annually for the past four years. In recognition of the importance of these funds to the states, federal officials have cited this fact as one of the reasons for the necessity to expedite the Conrail sale procedure. Ironically, no mention is made of the funds needed by the states for the additional expenses which will be caused by the sale.

In addition, the Railroad Reorganization and Rehabilitation Act of 1976 precludes the states from imposing a number of taxes on railroads. Last year the U.S. Supreme Court ruled that Iowa cannot assess a diesel tax on railroads which was to be dedicated to rail issues because of the restriction placed in the 4R Act. Thus, on one hand federal legislation is responsible for creating state rail problems, and on the other hand federal legislation prohibits states from developing a funding mechanism to alleviate these problems. Therefore, the elimination of the funding for the LRSA program would be particularly unfair.

Congressman Dorgan introduced a bill during the last Congress and again during this session providing for the states to voluntarily accept jurisdiction for intrastate rail abandonments similar to the present intrastate rate authority. The states had such jurisdiction until 1920 when the federal government preempted it in hopes of assisting rail construction. The Administration opposes this bill. Although AASHTO has not taken a position on this bill, I bring it up to point out the incongruity of the Administration opposing the states controlling abandonments juxtaposed to refusing to assist in financing solutions to programs resulting from federal jurisdiction of branchline abandonments.

Secretary Dole informed us that "most of the projects to save rail lines from abandonment which the Local Rail Service Program addresses are local in nature and are appropriately the responsibility of state and local governments." This reasoning ignores the concept of interstate commerce. The courts have consistently held that rail traffic, albeit completely within a particular state, is interstate commerce. Hence it is within the jurisdiction of the ICC and not the states or communities. Thus, the local nature of the proposed rail line abandonments has no standing. As I have stated, since the federal government is involved in creating these problems through expedited abandonment procedures and mergers, it must accept responsibility to assist in partially alleviating the problems. That is, since it is an interstate problem it should not be solely an intrastate solution. The federal government can no more defer this problem to a state solution than a state can defer it to a community solution.

There is considerable interest by the Congress, and this committee in particular, with regard to the proposed sale of Conrail. AASHTO has been active in this matter and has expressed its views directly to the Federal Railroad Administration as well as the authorizing committees. One issue which I would like to bring to your attention at this time is the matter of the proceeds from the sale. AASHTO adopted a position urging Congress and the Administration to continue rail assistance programs and to join in the development of an alternative funding program for rail assistance to assure preservation of an efficient rail transportation system. In particular, AASHTO recommends that $500 million of the proceeds from the sale of Conrail be reserved by Congress to fund a five-year national rail assistance program of $1 million per year to meet the identified rail needs of the states, and further that the remaining proceeds from the sale of Conrail be reserved by Congress to fund the additional rail-related infrastructure needs. Similarly, last week the Northeastern Association of State Highway and Transportation Officials adopted a resolution urging "Congress to include the return of a reasonable portion of the proceeds of the sale of Conrail to the states in which Conrail operates for rail service and facility improvements in these states, including the restoration of "orphan bridges"."

I recognize that this matter is not within the jurisdiction of this committee but want to bring it to your attention to indicate that efforts are being made for alternate federal funding and emphasize the necessity to continue the LRSA program through the appropriation process until these alternate means are approved.

Federal Safety State Participation Program

AASHTO is strongly opposed to the fiscal year 1986 budget proposal that no funds be provided for the Railroad Safety State Participation Program. With more than 2/3 of the state representatives participating and with no descenting votes, AASHTO adopted a policy position regarding railroad safety providing in part: "AASHTO strongly supports the financial role that the federal government must play in order to insure a continuing Federal-State Railroad Safety Participation Program promulgated by the Rail Safety Act of 1970."

Administrator Riley testified before this subcommittee that the elimination of this program was being recommended in furtherance of the efforts to reduce the federal deficit. It is inconceivable that it could be contended that the continuation of this program would have a serious adverse impact on the federal budget deficit. This program is probably one of the smallest government programs from a funding standpoint. It is currently operating with an appropriation of less than $3 million a year. This amount represents 50% of the annual cost incurred by 32 states for a 101 inspectors presently engaged in the program. In an era when federal programs require funding in the billions and hundreds of billions of dollar, the funding for this program pales to insignificance. Considering the possible adverse affects on safety which would result from terminating the funding for this program, and the insignificant impact the program has on the overall federal budget, it is not understandable why this program should not be continued.

Adminstrator Riley testified that it would require less than $100,000 per state to continue this program and that if the states had any sincere interest in the program they would certainly provide this small amount. This reasoning, however, overlooks the fact that railroad safety is a federal responsibility. The proposed budget is attempting to shift the financial burden for enumerable programs from the federal government to the state governments because the federal government questions whether it has a responsibility for those programs. In this instance, however, the federal government clearly has responsibility for railroad safety as defined in the 1970 Act and there is no justification for shifting it to the states regardless of the amount. Therefore, the question should be asked why should the states pay to relieve the federal government of its responsibility?

The purpose of the 1970 Act was not abrogate the federal responsibility for rail safety but rather to form a partnership with the states to assist in solving mutual problems. State participation in the program is encouraged by the payment of up to 50% of state program costs by the federal government. This is not a "grant-in-aid for railroad safety" as characterized by the Administration. Rather, it is a partial reimbursement for salaries and expenses incurred by states in assisting the federal government in its rail safety responsibilities.

States perform the rail inspection function with state inspectors. The FRA, on the other hand, supplements the state inspectors and conducts all of the inspections in those states not participating in the program. FRA also monitors the overall administration of the program. This partnership has provided a uniform enforcement of the federal standards among the states. Congress has continually encouraged greater participation in the program. Among the problems encountered by the states in attempting to expand its program is the fact that the states are unable to pay inspectors salaries comparable to the federal wage scale. Therefore, if an appropriation is not provided for this program, an appropriation must be made to pay for the share presently being paid by the states as well as an amount to compensate for the wage differential for the federal inspectors replacing the state inspectors. That is, elimination of this program will not reduce the federal deficit but rather will increase it by more than the amount the states are presently receiving.

Administrator Riley testified that he believes the states will continue the program if federal funding is eliminated. Although the basis for this opinion was not given in his testimony, I believe it is based on a telephone survey of a number of state safety program personnel. This was the method used previously. Although these personnel attempt to give accurate information, it must be recognized that they are not in a position to predict what actions will be taken by their respective governors and/or the state legislatures to provide the necessary funding. It is reasonable to assume than in many instances the funding will not be provided even if the states are desirous of providing such funds because of the long lead time necessary to provide such funds in the state budgetary and appropriating processes. Moreover, some states have unequivocably stated that the program will be terminated if federal funding is not provided.

In summary, Mr. Chairman, there is no economical or philosophical reason for failing to provide funds for this program. The importance of the program is far out of proportion to the required funding. This program is probably the most cost efficient and effective method for administering a national rail safety inspection program. Failure to fund this program will terminate the existing partnership between the federal state safety inspectors, thereby reverting to the chaotic situation which existed prior to the establishment of this program in 1970. The Administration does not contend that elimination of this program would enhance safety. In our opinion it is not reasonable to refuse such a small funding request which could result in adversely affecting safety when the justification does not purport to benefit safety.

State Supported Amtrak Trains

AASHTO is strongly opposed to the elimination of funding for Amtrak as proposed in the federal budget for fiscal year 1986. Also, last week the Northeastern Association of State Highway and Transportation Officials unanimously passed a resolution urging "Congress to resist reductions in service and funding for Amtrak presently being considered by Congress." AASHTO is also opposed to any proposal which would reduce Amtrak's budget to the degree or for the specific purpose of not providing sufficient federal funding necessary for the continued operation of the state supported Amtrak trains.

The state supported Amtrak trains [the so called Section 403(b) trains] are an integral part of Amtrak's national system. Section 403(b) trains are comparable to branchlines in the freight system; they provide a feeder system for the trunk line operations. Section 403(b) trains enable Amtrak to stretch out its endpoints. Therefore, these trains considerably enhance Amtrak's revenues derived from its basic system trains.

Adminstrator Riley testified before this subcommittee that if federal funding for Amtrak were eliminated states, communities, and the private sector would provide the funding necessary to continue the operations of the most profitable sections, particularly those on the Northeast Corridor. Mr. Chairman, this is not true. Congressman Florio, Chairman of the authorizing Subcommittee, has investigated the Administration's claim that this funding would be made available and has concluded "unfortunately, there are no takers." He points out that the Northeast Corridor Commuter Rail Authorities Committee (NECCRAC) recently passed a resolution stating that "the commuter rail authorities have neither the physical assets nor the financial resources to absorb the intercity passenger rail service now provided by Amtrak." He further pointed out that in response to his inquiry Mr. William Dempsey, President of the Association of American Railroads, wrote him that he "has heard no such interest expressed by any freight railroad" to reenter the rail passenger business. Mr. Dempsey further states "moreover, in view of the past experience of the railroad industry with rail passenger service, it is hard for me to believe that any freight railroad would be interested in getting back into that service."

In order for the states to continue the operation of trains on the Northeast Corridor or outside of the Northeast Corridor, it would be necessary to establish a new corporation and to obtain title to the right-of-way and other property and equipment presently owned by Amtrak by means of either federal legislation or purchase. Such legislation has not been proposed and it is questionable whether a purchase is feasible. It would also require the formation of multi-state compacts which experience has shown are extremely difficult to form due to the complexity of state interest, laws, and constitutions. It would also be necessary for state legislatures to approve massive funding commitments on an extremely short time frame. Moreover, it must be recognized that many state legislatures have already adjourned for this year and others have reached a point where new business is no longer allowed. In short, Mr. Chairman, it would be an impossible task even assuming all states involved were desirous of undertaking such an adventure.

It has been brought out in testimony before this subcommittee that the elimination of any trains from the basic system would result in Amtrak being required to pay labor protection to the displaced employees. These payments in turn coupled with the loss of revenue from the displaced trains, would result in an additional revenue shortage which would necessitate the elimination of additional trains. In other words, there would be a domino effect to the point where there would be no trains remaining. In considering whether Amtrak should receive a reduced appropriation, I submit that this domino process could be set in motion by the elimination of the the Section 403(b) trains. We do not believe this would be in the public interest.

Again, Mr. Chairman, I appreciate the opportunity to express our views on these matters. I would be pleased to attempt to respond to any questions you may have.

Projected Rail Capital Needs
By State

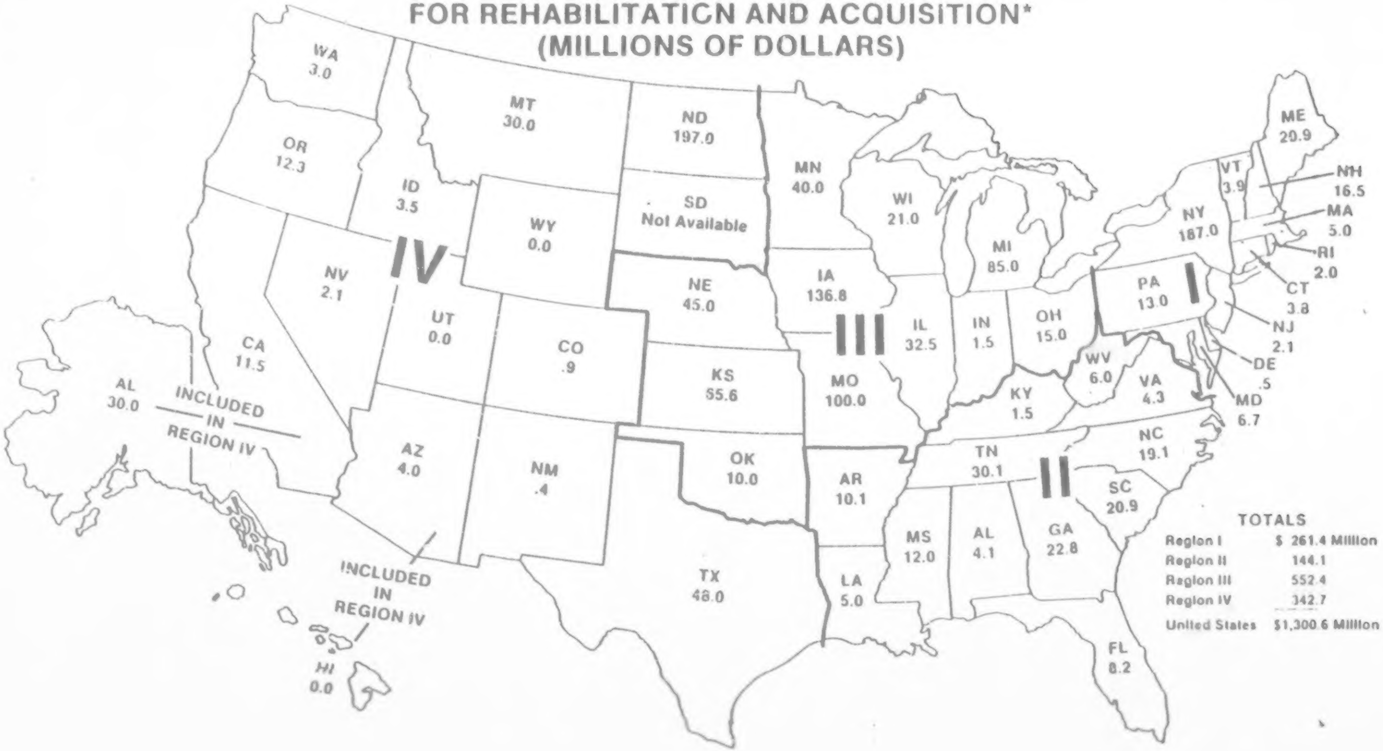
January, 1985

State	Contact Person and Phone Number	Estimated Total Remaining Rail Capital Needs For Rehabilitation & Acquisition
Alabama	George Ray 205-261-6319	$ 4,094,461
Alaska	Dan Malick 907-465-2171	30,000,000
Arizona	Louis Schmitt 602-255-7226	4,029,000
Arkansas	Ed Johnson 501-569-2000	10,085,824
California	James Rae 916-323-4590	11,500,000
Colorado	Harvey Atchison 303-757-9011	924,228
Connecticut	Richard Leete 203-566-4314	3,750,000
Delaware	Thomas Houska 302-736-4593	500,000
Florida	Warren Merrill 904-488-0837	8,154,393
Georgia	James Stanley 404-656-6000	22,819,827

State	Contact Person and Phone Number	Estimated Total Remaining Rail Capital Needs For Rehabilitation & Acquisition
Hawaii	Eiicha Tanaka 808-548-7530	None
Idaho	Ronald Kerr 208-334-3664	$ 3,500,000
Illinois	Merrill Travis 217-782-7820	32,500,000
Indiana	Bruce Madinger 317-232-1420	1,500,000
Iowa	Les Holland 515-239-1646	136,829,000
Kansas	John Scheirman 913-296-3526	65,579,500
Kentucky	David Smith 502-564-7433	1,500,000
Louisiana	Harry Reed 504-342-7728	5,000,000
Maine	Russell Spinney 207-289-2841	20,886,000
Maryland	Arthur Ouslander 301-859-7563	6,700,000
Massachusetts	Paul McBride 617-973-7000	5,000,000
Michigan	James Roach 517-373-3335	85,000,000
Minnesota	James Brown 612-296-6028	40,000,000
Mississippi	Thomas Whitten 601-961-4733	12,000,000
Missouri	Robert Hunter 314-751-2551	100,000,000
Montana	Jan Lewis 406-444-3423	30,038,127
Nebraska	Louis Lamberty 402-471-4567	45,000,000
Nevada	Dennis Barry 702-885-3465	2,100,000
New Hampshire	Curtis Hardy 603-271-2468	16,500,000
New Jersey	Ken Kyte 609-292-1530	2,125,187
New Mexico	F.S. Friedman 505-827-4646	432,000

State	Contact Person and Phone Number	Estimated Total Remaining Rail Capital Needs For Rehabilitation & Acquisition
New York	Richard A. Maitino 518-457-5532	$ 187,000,000
North Carolina	Larry Sams 919-733-2807	19,098,000
North Dakota	Bob Evans 701-224-2513	197,000,000
Ohio	George Stanford 614-275-1389	15,000,000
Oklahoma	D. Henry 405-521-2175	10,000,000
Oregon	Ed Immel 503-378-6284	12,316,000
Pennsylvania	Elaine King 717-783-8539	13,000,000
Rhode Island	Joseph Arruda 401-277-2694	2,000,000
South Carolina	Gordon Egli 803-758-2541	20,860,000
South Dakota	Chris Randall 605-773-3265	Not Available
Tennessee	Malcolm Baird 615-741-3227	30,110,000
Texas	Robert Farnsworth 512-445-1183	48,000,000
Utah	Caine Alder 801-965-4351	None
Vermont	Robert Merchant 802-828-2828	3,934,600
Virginia	Robert Corder 804-786-1051	4,300,000
Washington	John Conrad 206-753-3389	3,000,000
West Virginia	Ira Baldwin 304-538-2305	6,000,000
Wisconsin	Ronald Adams 608-267-7348	21,000,000
Wyoming	George Bell 307-777-7471	None
ESTIMATED TOTAL UNITED STATES REMAINING RAIL CAPITAL NEEDS FOR REHABILITATION & ACQUISITION		$1,300,666,147

TOTAL REMAINING RAIL CAPITAL NEEDS BY STATE AND REGION FOR REHABILITATICN AND ACQUISITION* (MILLIONS OF DOLLARS)


WA 3.0
OR 12.3
CA 11.5
ID 3.5
NV 2.1
MT 30.0
WY 0.0
UT 0.0
AZ 4.0
CO .9
NM .4
IV
ND 197.0
SD Not Available
NE 45.0
KS 55.6
OK 10.0
TX 48.0
MN 40.0
IA 136.8
MO 100.0
AR 10.1
LA 5.0
WI 21.0
IL 32.5
III
MI 85.0
IN 1.5
OH 15.0
KY 1.5
TN 30.1
MS 12.0
AL 4.1
GA 22.8
FL 8.2
SC 20.9
NC 19.1
VA 4.3
WV 6.0
II
PA 13.0
I
NY 187.0
VT 3.9
ME 20.9
NH 16.5
MA 5.0
RI 2.0
CT 3.8
NJ 2.1
DE .5
MD 6.7
AL 30.0
INCLUDED IN REGION IV
HI 0.0
INCLUDED IN REGION IV

TOTALS

Region I	$ 261.4 Million
Region II	144.1
Region III	552.4
Region IV	342.7
United States	$1,300.6 Million

*Based upon a survey of state transportation departments conducted in January, 1985

Rail and Water Division
Iowa Department of Transportation
January 1985

NEW JERSEY DEPARTMENT OF TRANSPORTATION

STATEMENT OF JAMES CRAWFORD, ASSISTANT COMMISSIONER

Senator ANDREWS. Our next witnesses are the New Jersey Department of Transportation, Mr. Jim Crawford, the assistant commissioner. Our colleague, Senator Lautenberg, esteemed and valuable new member of the subcommittee, will introduce them.

Senator LAUTENBERG. Mr. Crawford works with our very efficient Department of Transportation of New Jersey. We have worked with him on several projects, and in the interests of the chairman's mandate, Mr. Crawford, just to say, Jim, we welcome you here. We are anxious to hear what you have to say, and we will be listening for your testimony.

Senator ANDREWS. Thank you very much.

Proceed.

Mr. CRAWFORD. Thank you very much, Mr. Chairman.

We in New Jersey recognize the difficult choices confronting you while you review the Transportation appropriations bill while at the same time exercising necessary budget restraints.

As a transportation official from New Jersey, I am perhaps in a better position than most to understand the difficult choices that you have. New Jersey's reliance on, and its huge investment in, all modes of transportation means that there are no Federal transportation programs that are unimportant to our State. Therefore, I do not have the luxury of urging you to fund one program at the expense of another.

Because highways, mass transit and rail programs, in addition to the rail freight system, are all important to New Jersey, we feel it is important for you to devise an appropriations strategy that is fair to all modes of transportation and does not destroy any of the systems by the cuts that may be necessary.

In particular, to help you understand the implications of the appropriations actions on New Jersey, we have submitted a prepared statement that highlights the four Federal transportation programs in our State, the Federal aid highway obligation ceiling, the Mass Transit Assistance Program, the Amtrak and the Northeast Corridor Improvement Program.

As you know, this latter has funds for the Atlantic City Rail Line, and just as an aside, Mr. Chairman, I would publicly like to thank Senator Lautenberg for his strong support for that project. As you know, Senator Lautenberg, as a commissioner of the Port Authority of New York and New Jersey, has firsthand knowledge of the importance of a balanced transportation system on New Jersey. As you consider the budget, we urge you not to forget that Atlantic City Rail Project.

Until recently, as a result of years of underfunding, our roads and bridges in New Jersey were in a condition of decay bordering on disaster. Our public transit system was subject to frequent delays and equipment failures that brought our commuters to the point of guerrilla warfare. A little less than a year ago our legislature, with bipartisan support, passed unanimously, and Governor Kane signed into law, a massive transportation rehabilitation program for New Jersey, the Transportation Trust Fund Authority Act.

New Jersey's transportation trust fund is a self-help financing program to pay for rehabilitation of or upgrading of our roads, bridges, and public transit over the next 4 years. However, the program was designed with the expectation that current Federal levels of support would continue. The proposed reductions in the Federal highway obligation ceiling will have a major impact on our interstate construction and bridge rehabilitation program. In particular, the lack of Federal obligation authority will impact two large scale interstate projects. One is the Route I–287 beltway around New York City, and the other is the Trenton Complex on Route I–295, and a much needed bridge project, the Route 147 bridge in Cape May County, which has had a number of major delays in transportation over the past few years.

The recent ambitious legislative program passed by the State provides the match and complement for the level of Federal fundings which we anticipated as a result of the Surface Transportation Act. We recognize that it is important that you make the cuts, but we urge that you consider all factors.

In the New Jersey Transit area, we are providing service to over 580,000 daily commuters, and we have provided a multibillion-dollar program for capital improvements. We are including the major State funds in that program. However, there are not sufficient State funds to cover all of the improvements that are necessary. And in New Jersey, the public transportation system is not a separate and distinct part of our overall system. It is an integral part.

I just might point out that this morning we had problems with the Port Authority's tunnel, the Holland Tunnel, as a result of some construction work in New York City that is causing 1-hour backups. If we did not have the public transportation system to move those people in and out of New York City, we would in fact be facing many hours of delays, and perhaps even closing down of an important part of our financial district for the Nation.

In terms of Amtrak, I would just quickly like to say that the service that is provided is essential to New Jersey, and that it is critical that it be maintained, because there is no way that we can improve the existing service that we already have.

Senator ANDREWS. Mr. Commissioner, I was called by your Governor Kane Saturday out in Bismarck, ND and heard, of course, of his support of Amtrak. I told him that I was, and Senator Lautenberg and others were supporting Amtrak.

Has your department been contacted by the administration on picking up the Amtrak service if Federal assistance were terminated?

Mr. CRAWFORD. Mr. Chairman, there have been some minor discussions on what we might do in a contingency situation. We are already running half-hour service on New Jersey transit lines along that corridor at capacity during all the peak hours. Those trains do not have the ability to simply add more cars. We do not have additional cars to run that service, so that if we cut that service out, somebody is going to have to operate it. There are 1,500 passengers for which we are subsidizing Amtrak on a daily basis, plus hundreds of others who board in New Jersey——

Senator ANDREWS. And you do not feel you can pick it up.

Mr. CRAWFORD. No, sir.

Senator ANDREWS. Thank you very much for an excellent statement.

Thank you, Senator, for introducing them. We are proud of your constituent.

Senator LAUTENBERG. Well, I am pleased to have heard Mr. Crawford's testimony.

He mentioned one thing, Mr. Chairman, in it, and that is the relationship between an efficient transportation system and our economic growth. The most densely populated State in the Union, we have no alternative to a good, efficient mass transit network, and I think you made the case very well, Jim, and I thank you for being here today.

Mr. CRAWFORD. Thank you very much.

Senator ANDREWS. Thank you.

[The statement follows:]

STATEMENT OF JAMES CRAWFORD

Mr. Chairman and Members of the Transportation Appropriations subcommittee, my name is Jim Crawford, Assistant Commissioner of the New Jersey Department of Transportation. I am grateful for this opportunity to testify before you today on several matters of importance to my State Department of Transportation concerning FY86 transportation appropriations.

We recognize the difficult choices confronting you in your efforts to devise an equitable transportation appropriations bill while at the same time exercising needed budget restraint. As a transportation official from New Jersey, I may be in a better position than most to understand how difficult your choices are. New Jersey's reliance on, and huge investment in, all modes of transportation means that there are no federal transportation programs that are unimportant to our State. Therefore, I do not have the luxury of urging you to fund one program at the expense of another.

Because highway, mass transit and rail programs are all important to New Jersey, we feel that it is important for you to devise an appropriations strategy that is fair to all modes of transportation, and that does not single out any particular mode for more than its share of cuts. We are particularly opposed to funding approaches that rely on massive cuts in mass transit or Amtrak to accomplish budget savings.

In order to help you inderstand the implications appropriations actions for New Jersey, I want to highlight the impact of four federal transportation programs on our State--the federal aid highway obligation ceiling, mass transit assistance, Amtrak and the Northeast Corridor Improvement Project, which, as you know, funds our Atlantic City Rail Line.

Obligation Limitation - Federal Fiscal 1986

The proposed $500 million reduction in the federal obligation ceiling limitation for Federal fiscal year 1986 would deprive New Jersey of approximately $13 million. It is estimated that our obligation limit would drop to $327 million as opposed to $340 million for the current year's apportioned funds.

Highway and bridge improvement project activity projected for this time frame includes more than $400 million in eligible federal aid. Of course this exceeds even the $340 million level of our current obligation limitation. We had anticipated some federal discretionary funds. Now it is quite evident that the proposed reduction would further reduce the level of work we could accomplish.

The major impact of the reduction would be felt in the Interstate Construction and Bridge Replacement/Rehabilitation programs. There are two reasons for this. First these are the largest apportionments we receive and at our current level of output we are virtually certain to exhaust the smaller Interstate 4R, Consolidated Primary, Urban System and Interstate Transfer apportionments early in the year. Second, the Interstate Construction and Bridge Replacement/Rehabilitation programs include some large, costly, and complex projects which we do not expect to be able to advance to construction as early in the year as the remainder of the program. In particular, we expect the lack of Federal obligation authority may impact two large scale Interstate projects, one on Route 287 and one in the "Trenton Complex" on Route 295, and a much needed Bridge project on Route 147 in Cape May County.

With the passage of the Surface Transportation Assistance Act of 1982, we embarked on an intensive effort to augment our transportation infrastructure capital program which will permit the completion of missing links in our Interstate and Primary systems. This ambitious legislative program provides the requisite State funds to match and compliment the levels of Federal funding which passage of the 1982 STAA led us to expect.

In addition, the Authority is expected to provide the Department with additional financial resources to advance a larger amount of wholly State-funded projects, which in the past the Department had few resources to implement. The fiscal years 1985-1988 Improvement Program also provides for a $74 million annual increase in wholly State-funded programs that include projects which the Department expects to be able to advance expeditiously. These programs consist of a $20 million annual increase in betterment projects, a new $35 million State aid program to substitute for Federal funds which were previously allocated to counties, and a $19 million municipal aid program. New Jersey has done its part with a good faith expectation that federal program levels would be as promised.

We are now in the middle of implementing this program, and in addition to addressing long overdue needs with respect to the safety and condition of our roadway system, the program promises to be a powerful economic stimulus, both short and long term. The proposal to reduce the level of funding which was to be provided by the 1982 STAA would have a negative impact on New Jersey from both a transportation as well as economic perspective. This is contrary to the public commitment made when the gas tax increase was passed in 1982.

Public Transportation

NJ TRANSIT provides over 580,000 daily passenger trips on its commuter rail and bus systems. The commuter railroad serves 10 of New Jersey's 21 counties and the bus system provides service in 20 of these counties. Additionally, NJ TRANSIT has leased, at nominal cost, 793 buses to 140 private motorbus carriers providing regular route service.

Over the next 10 years, NJ TRANSIT will have to invest $2.3 billion in its commuter rail and bus systems, just to maintain existing service levels and conditions. This multi-billion dollar capital need does not include critical projects which must be undertaken if we are to address the pressing traffic congestion problems at tunnel and bridge crossings which connect Manhattan to New Jersey, and other needs in growth areas within the State. These projects may add millions to the already large capital needs of New Jersey.

If New Jersey is to maintain its public transportation system and meet future demands, the Federal/State partnership must be maintained. New Jersey cannot "go it alone". Simply put, we do not have the resources to meet our public transportation needs. Without a viable public transit system, the social and economic stability of our State and we believe the nation would be hurt. New Jersey's economic growth would stagnate without public transportation. Our highways are already crowded. Our growth centers within the State are already impacted by a highway infrastructure used beyond its capabilities. Continuation of public transportation is essential to a healthy and vibrant New Jersey; and an economically sound New Jersey is an essential ingredient to an economically sound America.

Some have argued that current State surpluses could cover federal cuts. Regarding the State budget surplus, one must consider it in a historical perspective. In 1981 New Jersey had a budget shortfall of $150 million. Given our balanced budget constitution we had no choice but to raise taxes. This coupled with measures to improve governmental efficiency and improve the State's economic climate was largely responsible for the budget surplus. The primary use of the surplus is going to meet critical infrastructure needs that have been delayed. Some will replace federal programs which have already been eliminated or reduced. These actions leave New Jersey without sufficient funds to replace federal public transit dollars should the federal transit program be further reduced.

Finally, as we all know, this years surplus may be a future year shortfall. If we eliminate a federal role in the provision of public transit, public transit will be severely undermined in the lean years. A Federal/State partnership ensures that there will be no lean years--but rather consistency in the ongoing effort to have efficient and effective public transportation systems here in New Jersey.

In New Jersey, the federal transportation program has been a resounding success. The Federal/State partnership has in five years resurrected a public transportation system on the verge of collapse.

Since 1979, the average age of the State's bus fleet has been reduced from 13 to 7 years. New commuter rail cars have replaced electric rail cars dedicated by Thomas Edison over 50 years ago. We have installed bus shelters throughout the State, and rehabilitated rail stations which had been neglected under private ownership. The Federal transit program in conjunction with State funding resources has enabled NJ TRANSIT to undertake a major infrastructure renewal program--replace or rehabilitate rail and bus facilities which were 40 to 60 years old. But the bottom line is that the Federal transit program has helped NJ TRANSIT restore confidence in public transportation. Rail ridership is up 9 percent over the last 7 months, and if current trends continue bus ridership will have increased 12 percent over the past two years. Based on current trends and planning projections, we anticipate that ridership will continue to grow through the 1980's. This ridership increase, combined with efforts to maximize cost efficiency, has enabled NJ TRANSIT to hold the line on the need for additional subsidies and enabled the State to at least face the growing traffic problems of our urban centers.

On a final note, I also urge this Committee to fully support the continuation of Federal operating assistance at the fiscal year 1985 level of $875 million. The Administration's proposal would result in a 22 percent fare increase for NJ TRANSIT riders. Such a fare increase would substantially divert riders to automobiles, and thereby undermine the multi-million dollar investment in the public transit system.

AMTRAK

The Administration's proposal to eliminate AMTRAK funding will have repercussions here in New Jersey. Presently, NJ TRANSIT relies upon AMTRAK train service to complement service it provides in the Northeast Corridor. The specific effects to New Jersey include the loss of 70 intercity trains and a displacement of approximately 8,500 daily commuters for which NJ TRANSIT provides funding subsidies to AMTRAK. NJ TRANSIT service in this corridor is presently operating at capacity. The NJ TRANSIT budget would need to be substantially increased if it is forced to meet the needs of these additional passengers and to assume the full maintenance costs for the portion of the Northeast Corridor rail line in New Jersey. And quite hontestly the highway network will become even more congested with interstate travelers.

Atlantic City Railroad

I'd also like to take the opportunity to urge this committee to reject the Administration's deferral of $30 million of funding legislated for the restoration of railroad service to Atlantic City. New Jersey believes its plan for restoring railroad service to Atlantic City is important to continued development of South Jersey's recreational industry, and is also important to AMTRAK, inasmuch as projections of ridership and revenue on the line indicate that the line will enhance Northeast Corridor revenues measurably.

The Administration's reasons for the deferral are without basis. A plan exists, and financing is assured. Much has been said about delays in the preparation of the plan and its financing, but the truth is that the State of New Jersey has had to contend with changing federal requirements, including newly imposed nonfederal funding match requirements and the imposition of an environmental assessment requirement. The State of New Jersey believes the Administration is acting in an unconscionable manner in seeking the withdrawal of federal funds just at the point where the State has succeeded in complying with a host of federal requirements.

A measure of the importance that New Jersey assigns to this project can be found in the financing plan itself. While the federal appropriation requirement is that the State finance 40 percent of the project costs, the present financing plan calls for nonfederal funding in an amount equal to over 57 percent of the project costs. It is a rare federal project where $1 of federal funds leverages over $1.30 of nonfederal funds, and the State should not be victimized for circumstances beyond the State's ability to control.

To reject the Administration's deferral, the Congress must enact an impoundment resolution, sending a clear message to the Administration that the Congress stands by funding actions it took previously.

NATIONAL ASSOCIATION OF GOVERNORS' HIGHWAY SAFETY REPRESENTATIVES

STATEMENT OF ALBERT L. GODFREY, CHAIRMAN, NATIONAL ASSOCIATION OF GOVERNORS' HIGHWAY SAFETY REPRESENTATIVES AND GOVERNOR'S HIGHWAY SAFETY REPRESENTATIVE, STATE OF MAINE

Senator ANDREWS. We have an individual who wants to go on a 2-minute rule in order to make sure that he does not come back tomorrow or the next day, and that is Mr. Arthur Godfrey, chairman of the National Association of Governors' Highway Safety Representatives—I am sorry, Albert Godfrey. When you have a name like Godfrey, immediately you say Arthur Godfrey.

Good to have you.

Mr. GODFREY. Arthur was my rich uncle. I am Al Godfrey. I am the chairman of the National Association of Governors' Highway Safety Representatives, and also the Governor's Highway Safety Representative from the State of Maine.

I just want to give you a brief summary of our testimony that has been submitted in its entirety for the record.

Senator ANDREWS. It will be included in its entirety, just as though you read every word.

Mr. GODFREY. OK.

Our summary is that the USDOT's budget request for the 402 Program we feel is reasonable frozen at last year's level. States are now in the midst of developing and implementing programs in two new 402 emphasis areas, in child passenger safety and computerization of traffic records.

Nearly 40 percent of our 402 dollars is statutorily earmarked for these special emphasis programs, and as the earmarking increases, the States' discretion to spend the 402 dollars in unique, high payoff areas, sometimes decreases.

A recent NAGHSR survey on emergency medical services shows that the EMS Highway Safety Program is at a crossroads, with varied needs and reduced resources. NAGHSR is working with the NHTSA and the State EMS directors in a joint program to develop an EMS sensitivity index, a potentially uniform mechanism for evaluating the effectiveness of the EMS programs in meeting highway safety objectives.

The Governors' representatives are also involved in State coalition-building for increased occupant protection, and some of them provide staff support or technical and educational materials, and others merely track the activities of the coalitions.

NHTSA is negotiating potential education projects with the Governors' representatives, and the State officials await the outcome of the USDOT-congressional discussions about funding in this area.

NAGHSR supports all of the occupant protection measures, including passive protection, and has adopted a position statement saying so which is attached.

And finally, NAGHSR is exploring the possible ways to adjust the Alcohol Safety Incentive Grant, the 402 Program, to make some incentive funds available to States with good programs that do not currently qualify. The NHTSA Administrator testified that she would review NHTSA staff recommendations regarding possible modifications, and NAGHSR will continue to work with the agency on possible changes that would not penalize already-qualified States.

Senator ANDREWS. Mr. Godfrey, how do you propose increasing the amount of funds that go for the EMS effort?

Mr. GODFREY. How do I propose that it is increased?

Senator ANDREWS. Yes.

Mr. GODFREY. Well, I would like to see additional funding in the 402 area that is not earmarked, that can be used in that area, but if it is earmarked, I certainly am not going to argue over it. I believe that we do have some serious problems across the country. I know in Maine we do, that if we come up with the sensitivity index, I think——

Senator ANDREWS. Previous witnesses have said that rural areas do not have EMS resources.

Do you agree with that?

Mr. GODFREY. I do not wholeheartedly agree with that. I believe, coming from a very rural State there, that we have resources, but we need help from the outside, too, to go with it.

Senator ANDREWS. Thank you very much for an excellent statement.

[The statement follows:]

STATEMENT OF ALBERT L. GODFREY, SR.

The Association's testimony makes the following points:

o U.S.DOT's budget request for the State and Community Highway Safety Grant ("402") Program is reasonable, frozen at last year's level;

o States are in the midst of developing and implementing programs in two new 402 emphasis areas -- child passenger safety and computerization of traffic records;

o Nearly 40% of 402 dollars is statutorily earmarked for special emphasis programs. As earmarking increases, a state's discretion to spend 402 dollars in unique high-payoff areas sometimes decreases;

o A recent NAGHSR survey on the Emergency Medical Services Program shows the EMS/highway safety program at a crossroads, with varied needs and reduced resources. NAGHSR is working with NHTSA and the State EMS Directors on a joint project to develop an "EMS Sensitivity Index", a potentially uniform mechanism for evaluating the effectiveness of EMS programs in meeting highway safety objectives.

o Governors' Representatives are involved in state coalition-building for increased occupant protection; some provide staff support and/or technical and educational materials, others merely track activities of the coalitions.

o NHTSA is negotiating potential education projects with Governors' Representatives, and state officials await the outcome of U.S.DOT-Congressional discussions about funding.

o NAGHSR supports all occupant protection measures, and adopted a position statement saying so (attached);

o NAGHSR is exploring possible ways to adjust the Alcohol Safety Incentive Grant ("408") program to make some incentive funds available to states with good programs that do not currently qualify. The NHTSA Administrator testified that she would review NHTSA staff recommendations regarding possible modifications, and NAGHSR will continue to work with the agency on possible changes that would not penalize already-qualified states.

Mr. Chairman and Committee members, I am Albert L. Godfrey, Sr., Chairman of the National Association of Governors' Highway Safety Representatives (NAGHSR) and the Governor's Highway Safety Representative in the State of Maine.

NAGHSR, through the guidance of its entire membership and Executive Board, operates in the area of highway safety on behalf of the States, Territories, and the District of Columbia, with the Congress and the Executive Branch. By memorandum of agreement, NAGHSR is the highway safety support affiliate of the National Governors' Association. The Association acts as a central dissemination point for information concerning legislative and administrative activity affecting the States' highway safety programs.

The members of NAGHSR manage state highway safety programs, primarily those funded through the State and Community Highway Safety Program (Section 402, Title 23 U.S.C.), commonly called the "402" program. We have come before you in previous years to ask for full funding for the 402 program, often at times when the Administration proposed inadequate levels for this federal-state partnership program. This year, the Administration proposes to reduce or eliminate many other direct federal assistance grant programs, and the 402 program fared well under these circumstances, with levels proposed at last year's figure of $126.5 million (and $10 million for the roadway-related 402 program.) Full funding for 402 would be $132 million for Fiscal Year 1986, but we are pleased that the Administration's budget proposal was at least frozen at last year's level.

Two new emphases, or "earmarkings" were added to the 402 program last year, each to last for two years. States are in the midst of developing and implementing programs in these areas. All 50 states and the District of Columbia now require that children be protected by child safety seats. States, if they choose to participate, must spend a minimum of 8% of their 402 funds to develop various child passenger safety programs to implement the laws. Another 10% of 402 funds must be spent to enhance state traffic records systems through computerization. NAGHSR is surveying the states to determine how these funds are spent, or planned to be spent, as each state's needs are different in both areas. (Plans for use of funds in each of these emphasis areas were begun as soon as the funds were made available late in 1984; as program implementation proceeds, we will have more information about the effect of these programs in the states.)

NAGHSR considers these emphasis programs important to meeting goals of the overall highway safety mission, although nearly 40% of 402 dollars made available to states is statutorily earmarked for special emphasis programs. Because specific highway safety problems (and resulting countermeasures) differ from state to state, and because the success of the 402 program lies in its comprehensive approach to problem identification and program activity, administration of each state program can be affected by the need to set aside funds for special emphases. No state is ungrateful for extra funding for highway safety, so we certainly do not intend to complain about the availability of these additional funds. We do feel, however, that it is our responsibility to convey to Congress and to the National Highway Traffic Safety Administration any difficulties or problems that arise in the management of the 402 program in our states. Earmarking of funds in the relatively modest 402 program can produce additional administrative and paperwork burdens for small highway safety staffs, who must produce separate plans for each emphasis area. In addition, the high-payoff highway safety areas may differ among states. As earmarking increases in the program, a state's discretion to make smart decisions about problem-solving can decrease.

This committee has an historical interest in the Emergency Medical Services (EMS) Program, one of the six priority areas in the 402 program. As you are well aware, the climate surrounding EMS has changed throughout the last decade, and the role of the 402 program has changed with it. In the 1970s, the 402 program did its job by providing seed money for various state and local EMS needs, such as pre-hospital communications, ambulance and ambulance equipment purchases, and training of emergency medical technicians (EMTs). States continue to fund EMS projects of this nature, although overall 402 expenditures for EMS have decreased in the last four to five years.

Because the EMS system is at a crossroads in our nation's history, and the nature of the role of 402 highway safety program funding for EMS has changed, NAGHSR is undertaking an effort to realistically assess EMS/highway safety needs and possible problem solutions in the states. So far in 1985, the Association is working on two projects that will help answer some important questions for the Emergency Medical Services Program:

1) A membership survey that asks each state, among other questions:

> "What is EMS currently doing for highway safety in your state?" -- "What has been done in your state to accomplish the goal of self-sufficiency for EMS?" -- "Do you have specific data on the effectiveness of the EMS system as it relates to highway safety?"

Responses to the survey so far are as varied as the states are different, although most responses point to the fact that the 402 program dollars can not and should not be considered the primary source of funding for overall EMS system improvements. Since the stage of development of each state's EMS program is so varied -- at a time of shifting and dwindling federal and state resources -- it will be important to assess needs and countermeasures on a state-by-state basis in order to effectively use 402 funds to enhance highway safety within EMS. The results of our survey will be compiled and we will provide them to the committee in summary form as soon as they are available.

2) Preliminary results of our survey and other discussions with NHTSA indicate a clear need to develop a uniform mechanism for evaluating the effectiveness of EMS programs in meeting highway safety objectives. States are currently unable to provide such uniform reporting. We therefore have engaged in preliminary discussions with NHTSA about a collaborative effort among Governors' Highway Safety Representatives, State EMS Directors and staff, and NHTSA, to develop an "EMS Sensitivity

Index" for highway safety program evaluation that could be applied nationwide. We believe that such an evaluation index would enable both states and the federal government to track progress in individual states, make comparisons among states, and evaluate nationwide the percent of highway injury victims that receive prompt adequate EMS responses. We think this joint project will go a long way toward better identifying state and local highway safety needs in EMS, and are excited about the prospect of administering and participating in it.

Other areas of major interest this year are state efforts to increase occupant protection through passage of mandatory safety belt laws and education and public information programs. History might well remember July 1984, when New York became the first state to require adult belt use and Secretary Dole announced her occupant protection rule, as a major turning point in the field of highway safety. There is so much interest and activity in the field of occupant protection these days that it is difficult to keep track of all the developments.

This committee is aware that coalitions to increase occupant protection are in operation or are forming throughout the states. Many have been in existence for several years, and the purpose and goals of these groups vary from state to state. Governors' Representatives for Highway Safety are involved to varying degrees in each state where such efforts are underway, ranging from staff support, to providing only technical or educational materials, or merely tracking the activities of the coalition for informational purposes only. Programs to encourage the use of safety belts and child safety seats have long been a priority for state highway safety offices and within the 402 program, so efforts to further increase occupant protection logically fall within the scope of their responsiblities.

Previous and recent activities funded through the 402 program have laid a foundation for acceptance of stricter occupant protection measures, and there seems to be a kind of mood developing, perhaps a national readiness and willingness, to attack the problem head-on.

NHTSA is negotiating potential educational projects with Governors' Representatives in connection with the Secretary's occupant protection program. Many have presented project proposals and await final word from the Department as to the availability of the funds for the 208 education campaign. State officials are aware of the discussions -- and of the controversies --surrounding these funds, and will be disappointed if proposed projects cannot be carried out with the funds. But despite the outcome of these Congressional-U.S.DOT discussions, NAGHSR members will continue their efforts to build on the growing support in this nation for tougher highway safety measures, including increased occupant protection.

We see enormous opportunities for accomplishing the above in the next few years. Seven states so far (New York, New Jersey, Illinois, Michigan, Missouri, New Mexico and Indiana) require safety belt use of adult motor vehicle occupants, and several other states are close to passing similar laws. Controversial as these laws may be, at both state and national levels, we believe the resulting reductions in fatalities and injuries over a period of time will eventually speak for themselves. As an association of state highway safety officials, NAGHSR supports all occupant protection measures that will reduce highway fatalities and injuries, and have attached our latest position statement, adopted by our Executive Board, to this testimony.

It is our belief that in states where attempts are made to pass mandatory safety belt laws, highway safety advocates are supporting passage of the strongest feasible laws. It appears that 1986 state legislative calendars will also be filled with consideration of belt use bills. Although attention has been focused on the controversies surrounding the Secretary's 208 rule, it is our hope that the momentum evidenced in state activity and support for increased occupant protection will not be lost in the controversy. We look forward to the day when safety belt use and automatic occupant crash protection will be as naturally accepted as applying car brakes at a stop sign and buying a car with a collapsible steering column and padded dashboards.

NAGHSR has recently completed another survey regarding the Alcohol Safety Incentive Grant, or "408" Program. At the time we testified last year before this committee, thirteen states had qualified for 408 funds. To date, an additional three, or sixteen states have received grants under this program, where approximately 15% of the nation's population lives. There are a few major difficulties states seem to be having in meeting the federal requirements for this program, including provision for prompt license suspension and the "30-day hard" suspension requirement spelled out in subsequent rulemaking. Because the incentive grant program requires a state to meet four basic, sometimes detailed criteria to qualify for funds, some states with excellent alcohol safety programs do not have 100% of the program elements that make up the 408 formula in their state laws and programs. Therefore, they do not yet qualify.

It is unlikely that a substantial number of additional states will qualify for 408 funding unless there are some minor adjustments made to the program. NAGHSR is not supportive of any changes in the 408 program that would penalize or embarrass states that have already qualified for grants. But we are exploring possible ways to adjust the program so that some of the grant money could be distributed to deserving states, possibly at lower dollar levels than previously authorized. We have discussed these problems generally with NHTSA personnel, and will look forward seeing NHTSA staff recommendations to Administrator Diane Steed regarding possible modifcations, as mentioned in Ms. Steed's testimony before your committee in February this year.

It is clear that 408 funds are an important supplement to ongoing alcohol safety program efforts in the states, funded through the 402 program. At a time when the drunk driving issue has captured the attention of the American public, we do not want to lose the opportunity to take advantage of these important additional highway safety resources.

We want to take this opportunity to thank this committee for its continuing interest in and support of highway safety programs. There is a slow, but steady recognition in the public mind that continued high numbers of fatalities and injuries due to motor vehicle crashes are costing this country too much and are having an enormous effect on the public health. These are exciting times of change and progress in this field, and we are glad to be part of it.

This completes my statement, and I will be pleased to answer questions about it, or any other highway safety issues not mentioned in the testimony.

NAGHSR
POSITION STATEMENT
OCCUPANT PROTECTION
MARCH - 1985

The National Association of Governors' Highway Safety Representatives actively supports any and all highway safety measures that prevent death and injury on our Nation's roadways. In that regard, NAGHSR officially announces its strong support of safety-belt-use laws, and any and all efforts to increase or require other forms of occupant protection within motor vehicles.

It is the position of this Association that for optimum protection of occupants of motor vehicles, both safety-belt-use laws and improved vehicle safety features are necessary. Given the choice, safety-belt-use laws will provide more immediate lifesaving benefits at no increased cost to consumers; therefore, NAGHSR actively supports efforts addressing safety belt usage. NAGHSR is also aware that other forms of occupant protection, through improved vehicle design and safety features, are vitally necessary safety benefits for added occupant protection. To that end, the NAGHSR will also continue to seek support of those efforts.

The National Association of Governors' Highway Safety Representatives does not consider safety-belt-use laws and passive occupant protection to be an "either/or" issue. The optimum safety of all users of our Nation's roadways demands nothing less than full protection from all technological devices at our disposal.

VIRGINIA COALITION FOR SEATBELTS ON SCHOOL BUSES

STATEMENT OF BETSY BOYLE, DIRECTOR

Senator ANDREWS. Betsy Boyle of the Virginia Coalition for Seatbelts on School Buses.

Good to have you here.

Ms. BOYLE. Thank you. It is nice to be here.

Good morning. My name is Betsy Boyle, and I am the director of the Virginia Coalition for Seatbelts on School Buses and also serve as the Virginia regional coordinator for the National Coalition for Seatbelts on School Buses.

I am here today to testify on behalf of the Virginia coalition regarding the appropriation of funds to the Natioal Highway Traffic Safety Administration [NHTSA] for their Occupant Protection Program. In light of the climate to cut unnecessary spending by the Federal Government, we are recommending that you reduce or redirect the appropriation to NHTSA for this program. I would like to take this opportunity to briefly summarize our reasoning for taking this position. More detailed information is provided in my written testimony.

Prior to the time that our children started school, they were taught the importance of buckling up. As parents, we have accepted the responsibility for their education and safety, and we have consistently restrained our children because we know that automobile accidents are the leading killer of children between the ages of 1 and 14.

On the first day of school our children learn that seatbelts are not important. This is reinforced twice a day, 180 days per year by the lack of seatbelts on their school buses. Certainly if seatbelts were so important, they would be on the buses.

The fact that our schools are not following through with the seatbelt education that parents have initiated at home led us to form the Virginia Coalition for Seatbelts on School Buses and first to pursue the installation of seatbelts on the school buses in our district, Fairfax County. Our county board of supervisors, as well as our school board, understands the basis of our concern, and they have allowed up to $100,000 to install seatbelts in this year's school buses.

However, the Virginia State Department of Pupil Transportation has informed us that we will be unable to install them because there are no State or Federal standards regarding the installation of seatbelts in school buses, and that NHTSA does not encourage the installation.

Our community has provided funding for this important educational program, yet we are told that it cannot be implemented.

The major deterrent to our being able to install seatbelts on our school buses at the local level is the lack of support by NHTSA. In an effort to understand why the educational value of seatbelts on school buses is being ignored, I called NHTSA on January 31 this year and asked highway safety specialist David Soul for an explanation. Mr. Soul informed me that NHTSA maintains the position that compartmentalization is adequate protection for the children, and if I was concerned about the safety of the children on the school buses, then how did I feel about having children with herpes ride that bus.

Contributing to this obvious lack of support by NHTSA has been the intense lobbying efforts of the school bus contractors as well as the school bus transportation officials. I have copies with me of the February 1976 National School Transportation Association newsletter that says there isn't enough room to print the names of each and every one who contributed to the success of the seatbelt anchorage removal. However, the National School Transportation Association wishes to say thanks to all of you for your help, letters, telegrams, trips to Washington again and again and again. This effort will save every purchaser of school buses over $300 per bus after October 27, 1976, and each succeeding year. The National School Transportation Association and its board members spent well over $100,000 to reach this happy conclusion.

The Virginia Coalition for Seatbelts on School Buses feels that funds should not be appropriated to NHTSA to solve a problem which they continue to be partially responsible for creating. They cannot have it both ways. Either they support seatbelt education or they are against it. In the 21 school districts across the country that are currently using seatbelts on their large, type I school buses, usage rates average between 85 and 100 percent, with the most success at the elementary level. They are reporting a positive carryover to the family car.

Seatbelts on school buses is a cost effective educational program that is being ignored. The Virginia coalition recommends that you redirect the appropriated funds to support legislation similar to H.R. 749 introduced by Congressman Peter Kostmayer. If the appropriation cannot be directed, then do not waste the taxpayers' money on a defective program. Cut the funds appropriated to NHTSA——

Senator ANDREWS. Thank you very much for an excellent statement. My apologies for not having time. We had some questions we wanted to ask you, and that is why we thought you were going to summarize it.

Ms. BOYLE. Thank you.

Senator ANDREWS. You made an excellent statement.

[The statement follows:]

STATEMENT OF BETSY M. BOYLE

Goodmorning. My name is Betsy Boyle and I am the Director of the Virginia Coalition for Seatbelts on School Buses, and also serve as the Virginia Regional Coordinator for the National Coalition for Seatbelts on School Buses. The National Coalition now has nearly 40 regional coordinators across the United States, from the New York-New Jersey area to Mississippi, Florida, and all the way to Alaska. We have endorsements from the American Medical Association, the American Academy of Pediatrics, the American Academy of Orthopedic Surgeons, the American College of Preventive Medicine, Physicians for Automotive Safety, as well as the New York, New Jersey, Illinois, and Virginia Congress of Parents and Teachers, to name a few.

I am here today on behalf of the Virginia Coalition to testify regarding the appropriation of funds to the National Highway Traffic Safety Administration (NHTSA) for their Occupant Protection Program. In light of the climate to cut unnecessary spending by the Federal Government, we are recommending that you reduce or redirect the appropriation to NHTSA for this program. I would like to take this opportunity to explain our reasoning for taking this position.

Reviewing the appropriations for NHTSA's programs, particularly the Occupant Protection Program, the Virginia Coalition for Seatbelts on School Buses feels that NHTSA's educational goals for the program are worthwhile, however, we feel that the current program design should be altered for attainment of these goals and resources utilized in a more effective and efficient manner.

Currently, the funding for NHTSA's Occupant Protection Program is being directed toward education of the public in the usage of passive restraints, assisting states in the passage of mandatory seatbelt laws, as well as coordinating educational efforts at the state and local levels. The Virginia Coalition for Seatbelts on School Buses feels that money which has been set aside for educating the public about passive restraint implementation could efficaciously be used to achieve the desired results of ultimately reducing the severity of injuries from highway accidents. Secretary of Transportation, Elizabeth Dole, has mandated phased installation of automatic safety restraint systems in passenger cars beginning in September, 1986. All new cars should be equipped with these passive devices by the 1990 model year. Although education of the public regarding passive restraints is necessary for tomorrow, viewing the time period involved, it should not be of highest funding priority of the funds appropriated to NHTSA's Occupant Protection Program.

The Virginia Coalition for Seatbelts on School Buses feels the highest priority, for the most effective use of funds, should be focused on educating our children today. The $20 million sought by NHTSA for the Occupant Protection Program could more immediately achieve and be directed to programs that produce results and save lives now. Every car has seatbelts now, but it may be well after 1990 before all Americans receive the benefits of passive restraint safety systems. We feel that seatbelts on school buses would provide our children with a positive seatbelt education experience twice a day, 180 days per year that would carry over to the family car and produce a whole new generation of seatbelt users.

The cost of installing seatbelts on school buses averages between $1,000 and $1,500 per bus, approximately $1.70 per child per year on a 66 passenger bus that lasts 13 years. According to the Department of Transportation, 10,000 lives per year could be saved if everyone used their seatbelts while traveling in an automobile. If all new large, Type 1 school buses (approx. 20,000) were equipped with seatbelts at a cost of $1,000, the one time cost of $20 million could save as many as 40,000 lives before the year 1990 when mandatory passive restraints are required in all new cars. In the 21 school districts across the country that are currently using seatbelts on their large, Type 1 school buses, usage rates average between 85-100%, with the most success at the elementary level. Seatbelts on school buses are, therefore, a cost-effective, educational program which is being ignored and even discouraged by NHTSA.

The refusal of the National Highway Transportation Traffic Safety Administration to set seatbelt installation standards for Type 1 school buses, and their rubber stamping of school transportation industry regulatory requests is contrary to the purpose and educational goals of the Occupant Protection Program.

NHTSA has focused on engineering solutions to safety on school buses. They have continued to ignore the educational value of seatbelts on school buses. Because of the intense lobbying efforts of the school bus contractors as well as school transportation officials, NHTSA has maintained its position that compartmentalization is adequate protection for our children on school buses. The National Highway Traffic Safety Administration does not support or encourage parents and school districts to have seatbelts installed in their school buses. NHTSA is missing the perfect opportunity to promote a purposeful and effective educational program which can save lives.

The Virginia Coalition for Seatbelts on School Buses is supportive of Occupant Protection Program funding which has been set aside for encouraging state legislators to pass mandatory restraint laws and to coordinate educational efforts at the state and local levels, however, the Virginia Coalition feels that mandatory seatbelt laws should be complemented by Federal installation standards for seatbelts on school buses. We also support legislation similar to H.R. 749, introduced by Congressman Peter Kostmayer. H.R. 749 would provide incentive grants in order to encourage states to adopt and enforce laws requiring the use of safety belts by school children in new school buses.

Recently several state coalitions across the nation have been told by their state directors of pupil transportation that because there are no standards regarding the installation of seatbelts on school buses, they cannot be installed. All fingers are pointed at NHTSA.

In Virginia, our state school transportation officials have told Fairfax County that we could not spend the $100,000 of the budget surplus allocated by the County Board of Supervisors for the installation of seatbelts on new school buses. There are no Federal or state installation standards they say, and NHTSA does not support the formulation of them. Our community has provided the funding for this important educational program, yet we are told it cannot be implemented. It is we, the parents of the children on those buses that have the most to lose. We have heard the arguments pro and con for seatbelts on school buses and we have joined together to say that we want to see our children buckled up on their school buses.

Since their first ride home from the hospital, our children have been buckled up every time they get in an automobile. As parents, we have accepted the responsibility for their education and safety. We have consistently restrained our children because we know that automobile accidents are the leading killer of children between the ages of 1 and 14. The children know the importance of this safety device and they use it without question. We have trained seatbelt users in this country for the first five years of their lives. It is not until the children take their first school bus ride on a bus without seatbelts that what has taken parents five years to instill in their children, begins slowly to erode away. For the next twelve years they will be exposed twice a day, 180 days a year, to the negative form of education that the lack of seatbelts on school buses provides.

After 13 years of undermining the seatbelt education that parents initiated, we then attempt to retrain the children to use seatbelts by instructing them in driver's education classes not to start the car until they are buckled up. We place advertisements on television reminding them to use their seatbelts. With such an obvious inconsistency existing in the seatbelt education of the children, it is no surprise that less than 20% of the population uses the safety devices available to them.

Common sense tells us that having seatbelts on school buses would be of tremendous educational value. We should follow through with the seatbelt education that parents have initiated and mandatory child restraint laws have habitually instilled.

While the educational goals of NHTSA's Occupant Protection Program are worth-while, current program design can be feasibly altered for realization of these goals. NHTSA's resources can and should be used in a more effective manner which produces visable results. The highest priority for the funds should be focused on educating the children. If this is not done, NHTSA will continue to ineffectively use the taxpayer's money for the Occupant Protection Program when they have a viable program option.

The National Highway Traffic Safety Administration needs to stop ignoring and realize the educational benefits of seatbelts on school buses. If funding cannot be redirected to correct the inconsistency existing in the seatbelt education of children, the Virginia Coalition for Seatbelts on School Buses recommends that funding for NHTSA's Occupant Protection Program be reduced. The existing program is not the most cost-effective means of educating the public.

Thank you for the opportunity to address the subcommittee today. We appreciate your time and interest on behalf of the 20 million children that ride school buses each day.

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

STATEMENT OF ROSS CAPON, EXECUTIVE DIRECTOR

Senator ANDREWS. Our next witness, who says he will limit it to 2 minutes to help the other witnesses, Mr. Ross Capon of the National Association of Railroad Passengers.

Mr. CAPON. Thank you very much, Mr. Chairman, and thank you for the work that you have done and the subcommittee has done on helping us keep rail passenger service alive.

We think it would be foolhardy to permanently abandon our intercity rail passenger service and have the United States join Libya as the only major nation with no intercity rail passenger service when our airports and highways are approaching capacity and our gasoline supplies may start to run out between 15 and 60 years from now, depending on who you listen to.

On April 23, before the Commerce Subcommittee on the other side, Secretary Dole admitted that the private sector will not help solve this problem, contrary to what she had indicated earlier in the budget process. And yet on Monday of this week, Budget Director Stockman, in testifying before the Senate Commerce Committee, continued to refer to what he calls the reconstitution of rail passenger service which he thinks would happen after the bankruptcy of Amtrak. We think that whatever one believes about the need for rail passenger service, it should be very clear that if there is no subsidy from the Federal Government, there will be no Amtrak and no intercity rail passenger service.

Regarding the question of service to remote communities, we think that, aside from the communities that Amtrak and OMB and Trailways have been debating about that would have no service in the absence of Amtrak, there are plenty of communities that Amtrak does service which have inadequate alternate service. In my testimony I cite two cases. One is Ottumwa, IA, and the other is Williston, ND. In the case of Williston, there is a bus, one bus a day, 5 days a week, no service on Sundays, which is a heavy day for intercity travel, and if you want to go to the Twin Cities, it is an 18-hour trip with a change in Bismarck, whereas if you take the train, it runs 7 days a week and it takes only 12 hours.

One final point on the subsidy issue which I mention in my testimony is that during a 20-year period when the Federal Government spent actually nothing on the railroads, that the Federal Government collected $5 billion from rail passengers and rail freight shippers.

Thank you very much for your time.

Senator ANDREWS. Mr. Capon, previous witnesses have said that anything more than a 10-percent cut would be devastating.

Do you agree with that statement?

Mr. CAPON. I agree based on the fact that the operating subsidy for this year, I believe, is $639 million, and a 10-percent cut would take you down to about $618 million, I believe.

Senator ANDREWS. Thank you very much. I appreciate your statement, appreciate your summarization.

Mr. CAPON. Thank you.

[The statement follows:]

STATEMENT OF ROSS CAPON

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to present the views of our Association, which is non-profit, consumer-oriented, and supported entirely by membership dues and contributions. We receive no financial support from the government, Amtrak, the railroads, or rail labor unions.

Summary

An Amtrak shutdown would wreak havoc in the Northeast Corridor and leave citizens and communities across the nation without adequate transportation, particularly those people unable to fly for medical reasons (permanent or temporary) or afraid to fly, and those communities whose alternate public transportation is either inadequate or nonexistent. An Amtrak shutdown would also kill the Conrail sale, from which the President's budget anticipates revenues of $1.2 billion.

A frozen Amtrak appropriation of $684 million--24% lower than the 1981 level and the lowest appropriation since FY 1977--would keep intact a valuable national asset that, once lost, could never be reconstituted.

Whatever current subsidies to various modes are, the fact is that airports and highways are approaching capacity, and the cost of expanding the use of existing rail infrastructure--even before considering environmental consequences--is going to be lower than the cost of relying exclusively on airport/highway expansion to accommodate growing travel volumes.

I. What the $684 Million Federal Grant to Amtrak Would Buy

We strongly support freezing Amtrak's federal grant for FY '86 at the FY '85 level: $684 million--24% below the FY '81 level, and the lowest Amtrak appropriation since FY '77. The administration, in constantly ridiculing Amtrak because of the alleged $35/passenger subsidy, is ignoring the impressive list of benefits the nation receives when Congress funds Amtrak.

1. The nation's 6th largest intercity carrier. At 19.9 million person-trips in FY '84, and a projected 20.9 million this year, only four airlines and Greyhound exceed Amtrak in ridership. An Amtrak shutdown would be far more disruptive than would the shutdown of an airline or bus company. With Amtrak, an entire transportation mode would die. People could not simply choose another rail carrier. Each of Amtrak's 20 million trips would either be diverted to over-crowded airways or highways--an Amtrak survey indicates 45% would drive--or be cancelled, depriving the economy of those travel dollars.

2. All-weather transportation. Trains are frequently the only vehicles moving in heavy snow or fog; they are certainly the safest.

3. Reduced pressure now and in the future on already over-crowded air and highway facilities. The National Transportation Policy Study Commission (NTPSC) projected growth in airline person-trips from 1975 to 2000 in a range of 69% ("low-growth scenario") to 328% ("high-growth)... and that assumed the continuation and expansion of rail passenger travel (intercity rail person-trips were projected to grow from 32% to 106%).

> J. Donald Reilly, executive director, Airport Operators Council International, was quoted thusly in the April 5 Wall Street Journal: "The summer of 1985 will be significantly more chaotic for the airlines than the horrendous '84 experience. And in the longer run, our national airport system doesn't stand a chance of providing the aviation system with the ground facilities needed to service projected growth in the next decade."
>
> Continuing in the words of the Journal's reporter, "The FAA...says 23 airports face serious congestion by the end of the decade; 46 will have major problems by the turn of the century....New airport construction has come to a halt because of lack of undeveloped land and local opposition to 'noise sewers.'...The Air Transport Association...wants the FAA to override dozens of curfews, flight-pattern restrictions and other noise-related limitations at scores of airports....
>
> "The FAA is unlikely to act. White House officials fear federal intervention could leave Washington liable for hundreds of millions of dollars in damage claims from disgruntled landowners near airports. Airport operators warn that removing local control actually would worsen congestion by convincing communities to oppose all future airport expansion."

In the Northeast Corridor (NEC) alone, Amtrak's FY '84 ridership was

10.8 million, for a daily average of 29,480, including 2,700/day in the New York-Washington city-pair alone. The trend is upward: FY '84 ridership was up 2.9% from FY '83 (with the air-competitive, high-fare Metroliners up 18.7%); during the first five months of FY '85 (Oct.-Feb.), NEC ridership overall was up 5% (Metroliners up 10.3%) above the same months in FY '84.

4. Mobility for communities and individuals across the nation. Although Amtrak's impact on congestion is most dramatic in the NEC, fully 75.5% of travel (passenger-miles) on Amtrak and 68.3% of Amtrak's passenger revenues in FY '84 were outside the NEC. Millions of Americans are either permanently or temporarily unable to fly for medical reasons and, according to a 1978 Boeing study, 25 million Americans are afraid to fly. 27 Amtrak points have neither air nor bus alternatives; 23 more have no bus service; 94 more have no air service. [No air service means no airport within 50 miles for points west of the Mississippi; none within 30 miles for points east.]

Not reflected in those numbers are many Amtrak points where alternate service exists but is inadequate. Williston, ND, has only one bus departure--to Bismarck, Monday through Friday only, even though Sunday is a major day for intercity travel. The Williston-Twin Cities trip takes only 12 hours on Amtrak's daily direct run; the bus journey takes over 18 hours--on days when the buses run--and requires a 90-minute layover in Bismarck. The Ottumwa, IA-Chicago trip takes about 5 hours on Amtrak's direct run, but it takes bus travelers about 9 hours including an enroute transfer.

Air service at smaller Amtrak communities is often priced beyond the reach of Amtrak's long-distance passengers and/or requires passengers to transfer en route at huge airports where some people are afraid to go. For example, I met a Denver woman on the train who said her mother, a resident of Burlington, IA, probably wouldn't visit the family in Denver any more if the train came off. The Burlington-Denver air trip involves an O'Hare Airport transfer.

5. Safety. Public transport is 30 to 50 times safer than traveling by private automobile, yet Amtrak's spring 1984 survey indicates that, in the absence of the trains, 45% of all Amtrak passengers would drive. The figures are highest in the most congested areas: 48% of NEC passengers and 53% of non-NEC short-distance train passengers.

6. Reduced pressure to raise commuter railroad fares and rail freight rates and greater assurance these services can continue. When many users share a system, the costs each user must pay tend to decline, and the range of services available tends to increase. The intercity bus industry, for example, could not by itself support the Interstate highway system. Similarly, Amtrak benefits the 19 private freight railroads and several public transportation authorities with which Amtrak shares facilities all across the nation.

An Amtrak shutdown, on the other hand, would be devastating in the NEC, forcing freight and commuter carriers to spend a total of $212 million/year more just to maintain their own services. Furthermore, it is possible that those services would have to shut down temporarily while carriers struggle to come up with the added funding and/or reach an agreement with those handling Amtrak's estate. (Amtrak owns the New York-Washington, Philadelphia-Harrisburg, New Haven-Springfield, and New Haven-RI/MA State Line routes. Conrail serves some 160 industries on the NY-Washington line, including GM, Ford, and Chrysler auto plants which would shut down within a day or two of rail freight service termination. New Jersey Transit, SEPTA, and Maryland commuter trains average a total of 139,900 passenger trips per weekday. In addition, the Long Island Rail Road might have problems because it uses Amtrak-owned Penn Station in Manhattan.)

Actually, Amtrak is bearing more than its fair share of NEC costs. Secretary Dole and Administrator Riley have testified that, if Amtrak continues to exist, it should be allowed to collect $71.2 million/year more in user charges from NEC freight and commuter carriers. (This figure should not be confused with the $212 million those carriers would have to pick up in the absence of Amtrak.) The so-called "equitable split" would depend on a reversal of the ICC's cost allocation ruling.

An Amtrak shutdown would also be felt by non-NEC carriers. Chicago RTA's commuter railroad costs would rise an estimated $4.5 million/year. The cash flow of the 19 freight railroads would be adversely affected.

7. The Conrail sale. The President's budget assumes $1.2 billion in revenues from selling Conrail. An Amtrak shutdown would impose $82 million/year in additional costs on Conrail just to maintain New York-Washington freight service. This represents over 28% of Conrail's "real" 1984 profits. It is not credible to suggest that Norfolk Southern would go through with its plan to purchase Conrail if the government actually shut down Amtrak, thereby drastically reducing Conrail's value.

8. Maryland/West Virginia commuter railroad service and New Haven-RI/MA state line freight service. These services likely would cease if Amtrak shuts down. Although only one of Maryland's three commuter lines is on Amtrak tracks, it is questionable whether Maryland would be willing to become the sole occupant of Amtrak-owned Washington Terminal. Similarly, Amtrak's Pres. Claytor has stated that, if Amtrak shut down, "it is probable that the freight operators--Conrail, Boston & Maine and Providence & Worcester--would terminate freight service rather than continue to use that segment of the Corridor. This would, of course, adversely affect New England industries served by these freight railroads."

9. Amtrak's mail and express business, revenues for which are expected to rise from $18.2 million in FY '84 to $24-5 million this year. The business more than covers the marginal costs of handling it. Much of this traffic would otherwise be in highway vehicles that don't pay their fair share of highway repair costs. Some of the traffic might not otherwise exist because, in such areas as those along the Chicago-Seattle/Portland "Empire Builder" route, shippers have no alternative that offers Amtrak's speed, frequency, and reliability; at some points, no alternative at all.

II. Why $474 Million Is a Shutdown Budget

Secretary Dole and Administrator Riley, in Congressional testimony, have supported Amtrak's claim that Amtrak could not discontinue routes and successfully live with the 30% budget cut voted by the Senate Budget Committee. First-year labor protection costs virtually wipe out the operating grant reductions that service cuts would permit. To use the most extreme example, eliminating all service outside the NEC would impose labor protection costs estimated at $330 million in FY '86 (a total of $1.1 billion over six years) and shutdown administrative costs of about $30 million. Thus a politically-implausible NEC-only service would require a total federal grant in FY '86 of $607 million--only 11% less than what Amtrak is requesting for nationwide service.

Even OMB agrees: "A half-hearted, partial subsidy reduction would result in system shutdown. Most of subsidy would go to labor protection. Even Northeast Corridor couldn't last a full year."

During the Budget Committee's March 6 debate, it was argued that a 30% cut would preserve nationwide service because Amtrak survived a big cut in 1981 (for FY '82) and became "more efficient." This argument ignores two critical facts:

(a.) the 1981 debate resulted in a 13.8% cut below Amtrak's originally stated needs, much smaller than 30%; and

(b.) Amtrak no longer faces the relatively easy cost-cutting targets it had four years ago. The truly "political" and mostly empty trains are all gone. The last steam-heated cars have been retired. Amtrak is already exempt from all state and local taxes (except at Beech Grove, IN). The capital budget has already been shrunk below needs. Northeast Corridor and other work rule changes involving Amtrak employees have already been implemented. Amtrak contract employees are already earning 12% less than their freight counterparts.

Sadly, the cost-cutting opportunities that remain are being slowed by the present debate, including some capital projects and getting more operating railroad crews onto Amtrak's payroll. As Claytor testified before this Subcommittee Mar. 19, "We were planning to...take over Train and Engine employees operating [Amtrak trains] on Conrail but outside the Corridor...this year. We have put that aside, because I don't think we can persuade people to come to work for Amtrak at a time when Amtrak is under the gun."

III. Why Zero Is a Shutdown Budget

On Apr. 23, in testimony before the House Energy & Commerce Subcommittee, Secretary Dole, who had earlier talked about possible private sector help in maintaining service, admitted that this was not realistic. Her only solution consistent with the President's budget involved 44 states coming up with subsidies by Oct. 1, even though many state legislatures are out until next year. "There would be a lot of special sessions," she said.

The states won't come up with such money, squeezed as they are by simultaneous cuts in other federal programs. If some of the states did find the money, however, it would be impossible to run "closed door" through non-paying states per the Secretary's suggestion. Lost revenue from traffic thereby cut out would make the routes hopelessly uneconomic; yet having the trains stop for the sake of getting that revenue would unfairly benefit non-paying states.

[The concept of running "closed door" is also implicitly endorsed by the Congressional Budget Office, which thinks Amtrak could save money if one eliminates "subsidies for services to points that receive transport subsidies under the small-community air service grants." As I told a CBO staffer several months ago, since the Essential Air Services points are scattered over various Amtrak routes, and you either operate an Amtrak route with all appropriate stops or you have an economic monstrosity, this suggestion is wholly lacking in merit.]

The bottom line to this discussion is neatly summed up in two statements made at the April 23 hearing:

> "I am struggling for the justification for creating yet another compact, another entity, another bureaucracy to run what you're already running well."
> --Rep. Jim Slattery (D-KS), addressing Secy. Dole

> "We should be under no illusion--the elimination of subsidy means the elimination of Amtrak."
> --Sen. John Heinz (R-PA) (in testimony)

IV. The Subsidy Picture: Past, Present, AND FUTURE

Complaints about high Amtrak subsidies tend to overlook two crucial facts:

(1.) Today's issue is how best to accommodate future traffic growth. If airports and highways are at or approaching capacity, and existing railroad infrastructure--if not Amtrak's present car fleet--has extra capacity, the cost of adding rail capacity may be far less than adding airplane or automobile capacity. Clearly, increasing travel on Amtrak would help the subsidy per passenger-mile decline faster. (I'm not suggesting an explosion in transcontinental rail travel, but significant rail growth is realistic in many shorter-distance markets. Today's relatively small system would enjoy more economies of scale with careful expansion of service. Conversely, even ignoring labor protection costs, shrinking Amtrak from a nationwide to an NEC-only system would increase the subsidy from 14¢/PM to 22¢/PM, not including capital costs.)

(2.) Today's situation largely reflects a history of anti-rail bias in U. S. public policy. That bias is partly a natural result of rail's status as the oldest modern form of transportation.

Government-owned highway, air, and water facilities benefit from government-established funding mechanisms (100% capital subsidies for fixed waterway facilities until recent years) which make massive expenditures in those modes painless, bypassing the appropriations process.* Railroad users, freight and passengers, have paid a double penalty, which has encouraged many to stop using rail: no such funding mechanisms have been established for them, yet substantial user taxes were collected from them for many years--dollars that were shoveled straight into the Treasury even as highway user taxes were introduced and earmarked for building more highways:

--$2.0 billion from railroad passengers (federal passenger ticket tax (1942-62);

--$3.1 billion from rail freight shippers (federal freight waybill tax (1942-58).

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*Leadership package freezes highway obligations at "a record high" (OMB's words), representing 66% growth since 1982; even higher "real" growth.

These sums would be much larger if stated in constant 1985 dollars! As the Doyle Report stated ("National Transportation Policy," Report of the Senate Commerce Committee by its Special Study Group on Transportation Policies in the United States, June 26, 1961):

> "While this tax is not alone responsible for the growth of private transportation, it is one of the factors under Federal control which favors the growth of private transportation and makes the preservation of public service more difficult."

Through 1975 (even including early Amtrak subsidies), according to "Study of Federal Aid to Rail Transportation," January 1977, by William T. Coleman Jr., President Ford's Secretary of Transportation, federal railroad use-related tax revenues exceeded federal railroad expenditures by $4.3 billion (receipts were $6.1 billion; expenditures were $1.8 billion).

Although the ticket tax was also collected from air passengers, the federal government was busily spending money on air facilities at almost five times the rate that air ticket tax revenues were being collected. As the above-referenced Coleman report states, "airport and airway development costs incurred prior to the assessment of user charges in 1971 have been treated as sunk costs, none of which have been or will be paid for by air carriers and other system users....these sunk costs total $15.8 billion." (page IV-12)

Occasionally, the land grant issue is advanced to counter some of the above arguments. But over 92% of railroad mileage today had nothing to do with land grants. Furthermore, the 1850 land grant law included the obligation to haul government personnel and freight at a 50% discount, and mail at a 20% discount. For competitive reasons, these discounts were also offered by some non-land grant railroads. They remained in effect until Oct. 1, 1946, by which time the railroads had contributed $1.25 billion worth of discounts to the government.

An excerpt from the Coleman report is included as an appendix to this statement.

V. An Old Industry -- But an Efficient, Necessary One

All the other major nations of the world--both developed and developing--are not wrong in retaining rail passenger service, nor are their actions explained by circumstances uniquely absent in the U. S.

For the reasons discussed on pages 2-3 and 6, we believe the passenger train is vital for our future, and Amtrak's modest current size is more a product of past "anti-rail" policies than of free market economics. Once those policies were locked in, no significant changes in treatment of the rail mode took place until the railroads' survival was generally perceived to be threatened. Then came deregulation, Conrail, and other help for freight services; Amtrak for passengers. [Indirect subsidies to heavy trucks have helped reduce the competitiveness of short-haul rail freight service; this, in turn, has left Amtrak with slower speeds on its non-NEC corridor trains.]

Amtrak started from such a small base because our tendency towards "government by crisis" insured that things would get pretty bad before the pendulum would start to swing back. We see no danger, however, that the pendulum will swing unproductively towards overemphasizing Amtrak service--although some might argue that this happened during Amtrak's first few years when routes were added without close analysis of their economics or of Amtrak's capacity to run them well.

Today, at Amtrak, there is a remarkably pervasive commitment to getting the highest revenues-to-costs ratio possible, thanks to Congressional pressure and to pressure from President Claytor, whose previous rail experience is on one of the nation's most efficient private railroads. The destruction of this system would be permanent and tragic--and the loss of existing management talent would be almost as bad as the loss of the hardware investment.

The revenues-to-costs ratio has been rising: 48% in FY '81; 56% last year; and a projected 60% next year. Projects which can help Amtrak maintain that ratio and improve it further include:

(1.) The West Side Connection in Manhattan, which would enable Amtrak to vacate Grand Central Terminal and escape from associated costs there, while providing direct service between Philadelphia-south points and Albany-west/north points.

(2.) The Atlantic City-Philadelphia line, which even FRA's Riley agrees would be one of Amtrak's strongest performers.

(3.) Amtrak's new presence in airline computers (TWA's can already issue Amtrak tickets), making Amtrak travel easier and more attractive for travel agents to promote and sell. (As one Amtrak executive observed, this fulfills "Marketing 101," getting your product on the shelf.)

(4.) Completion and development of Washington Union Station, making it possible for passengers to reach trains by a much shorter walk, and to park their cars at the station property.

(5.) The new Ivy City Shops nearing completion in Washington and the recent acquisition of a maintenance facility in Delpro, DE;

(6.) Modernization currently underway at the 8th Street Yard in Los Angeles and planned for antiquated Sunnyside Yard in New York City;

(7.) Further labor agreement efficiencies;

(8.) Improvement in the way employee liability matters are handled.

Increasingly, NARP members are convinced that one logical solution to the eternal Amtrak funding dilemma could also help improve the nation's energy self-sufficiency: an increase in the gasoline tax, proceeds from which could be used for various purposes including the funding of Amtrak, whose current appropriation level is less than the revenue generated by 3/4 of a penny on the gasoline tax.

VI. The "Buses-Would-Do-It" Fallacy

Scheduled-route intercity bus service is vanishing rapidly. Wayne Smith, Executive Director, United Bus Owners of America, expects such service to disappear "5 years from now outside of a few areas in the United States," with the intercity bus industry concentrating on the tours and charter business, which has grown roughly in proportion to the decline of scheduled-route ridership (Metropolitan, March/April, "Dialogue with Wayne Smith").

His contention is supported by the fact that Amtrak passenger surveys, over time, have shown a declining percentage of Amtrak users would take the bus in Amtrak's absence. The most recent figure is 18%, from a spring 1984 survey. Furthermore, there is some doubt that people who initially switched to bus would stay with the bus. As a GAO report noted:

> "At best, survey responses reflect probable responses in the event that Amtrak services were terminated, but may not reflect actual long-run adjustment. (For example, a former Amtrak rider may eventually purchase an automobile or travel less frequently but take the airplane rather than take trips by intercity buses.)" ("Amtrak's Economic Impact on The Intercity Bus Industry," Jan. 12, 1979)

Three other recent articles support Smith's contention: "Bus Concerns Lose Business To Airlines" and "Greyhound May End Biggest Bus Line If Its Franchise Program Doesn't Work" (Wall Street Journal, Sep. 6, 1984 and Apr. 19, 1985, respectively); "Greyhound Announces Franchise Program" (Metropolitan, March/April 1985). These articles cite low-cost airlines as the major cause; not one of the above four articles mention Amtrak.

Recent claims that killing Amtrak would produce new bus service are not credible. It is ridiculous to suppose that private bus companies, hurrying to unload routes they've seen fit to keep this long, would--upon Amtrak's demise--go back and restart long-abandoned routes.

In 1971, when half the nation's intercity passenger trains were dropped and intercity rail passenger-miles fell 28.7%, there was no bonanza for the bus: it also carried fewer passenger-miles, posting a decline of 0.5% from 1970. All of the substitute bus services provided for rail passenger operations discontinued by British Rail in the 1960s were dropped for lack of patronage within a few years.

It is also significant that the NTPSC projected much smaller growth for intercity bus than for the other modes, including no passenger-mile growth at all in their "low-growth scenario." NTPSC did see a bus future integrated with rail and air services: Greyhound is implementing the air aspect, and California DOT, in deciding last month to continue a Long Beach-Bakersfield bus connection for Amtrak, said the bus was running "at a profit."

VII. An Administration Switch

In conclusion, I need to report the tremendous bitterness reflected in many of the letters I receive from NARP members who took seriously the strong and explicit pro-Amtrak commitments provided both by the Reagan campaign last spring, and by Secretary Dole as recently as Sep. 28 in a letter to NARP President Martin, attached here as Appendix B.

APPENDIX A

Excerpt from "Study of Federal Aid to Rail Transportation," January 1977, by President Ford's Secretary of Transportation, William T. Coleman Jr., a report mandated by Section 902 of the Railroad Revitalization and Regulatory Reform Act of 1976 (page IV-13; emphases added):

> "Aside from the advantages to certain modes from direct Federal subsidies, other beneficial aspects of the Federal role come into play, including the ability to mobilize funds on a massive scale and the conversion of fixed costs into user charges. For instance a critical difference between the rail and pipeline industries' private sector investment in rights-of-way and the public financing of highway, air and water transportation facilities is that such investments represent fixed obligations for rails and pipelines whereas they are transformed by Federal agency involvement into variable costs for highway and airway users and no cost to waterway users. In essence, public financing of highways and air facilities has allowed trucking companies and airlines to finance their right-of-way costs as they are needed and used. During slack business periods their right-of-way user payments fall off; in good periods, their payments rise. Railroads and pipelines are not permitted that luxury, however. Amortization of right-of-way investments for these carriers require fixed annual payments to finance systems that must be built to handle peak traffic loads; these charges have to be met in bad business years as well as in prosperous years. The risk of interest default is thus much higher for rails and pipelines -- barges, motor carriers and airlines are spared this debt burden.
>
> "Finally, one of the costs associated with the financing of a mode's right-of-way is the cost of capital. Railroads and pipelines secure their investment funds in the market place and must pay commercial rates. The Federal aid to highway and airport/airway programs are, however, essentially financed on a pay-as-you-go basis and are effectively interest free for users of these systems. Government debt is also used to finance deficiencies in user tax receipts, but at rates well below those charged commercial borrowers. The sheer size of the post-war highway, airport and waterway development programs has been such that they could not have been undertaken on a similar scale by the states and/or the private sector.
>
> "Thus motor carriers, airlines and water carriers have their business risks reduced when the Federal Government in effect serves as their banker in arranging for the financing of investment in their respective rights-of-way. Highway, airport/airway and waterway projects have been charged with very little, or none, of the opportunity cost of Federal capital, whereas the railroads and pipelines customarily have been required to raise money on commercial terms (allowing for periodic government loan guarantee programs for bankrupt and financially distressed railroads). Moreover, carriers who pay user charges in lieu of fixed charges, or no user charges in the waterway case, enhance their industry's financial security in comparison with the fixed interest and debt retirement costs paid by railroads and pipelines."

APPENDIX B

Mr. John R. Martin
President
National Association of
  Railroad Passengers
417 New Jersey Avenue, S.E.
Washington, D.C.   20003-4098

SEP 28 1984

Dear Mr. Martin:

Thank you for your recent letter concerning remarks attributed to Urban Mass Transportation Administrator Ralph Stanley as he spoke before the Princeton University faculty-alumni forum.

Mr. Stanley, speaking at this informal gathering at his alma mater, was expressing his personal views. John Riley, the Federal Railroad Administrator, is the official spokesman for the Department on rail issues. He represents me on the Amtrak Board of Directors and speaks on my behalf on Amtrak matters.

The policy of this Administration toward Amtrak was expressed by Mr. Riley in his March 29, 1984, testimony before the House Appropriations Committee in which he stated:

> "Amtrak was established to provide modern, cost-efficient intercity rail passenger services. I believe that the Corporation has achieved this objective and today serves a valuable and desired transportation function. Since Amtrak receives significant public subsidy, I believe it essential that Amtrak operate in a businesslike manner to minimize the public assistance. The Corporation has aggressively pursued opportunities for improving productivity, and I congratulate Graham Claytor and the Amtrak staff for their success in improving service and reducing Federal subsidies...."

This Administration supports the continuation of a strong national passenger system. For this reason, the President requested appropriations totaling $680 million in Fiscal Year 1985 to meet Amtrak's operating and capital requirements. We are aware of the considerable interest in high-speed rail service but, as both Mr. Stanley and Mr. Riley have noted, the Administration believes that the private sector or state and local government, not the Federal Government, must be looked to for funding of such projects.

(The balance of the letter, signed by Secretary Dole, deals with mass transit.)

APPENDIX C

NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

NEWS, Vol. 18, No. 5, May 1984

FRA Chief Addresses NARP Board

Riley is Upbeat on NARP, Amtrak, and New Intercity Rollingstock

"Frank Jones went up [to the Alaska Railroad] a few years ago as an FRA employee and really turned that thing around. Even in as sparsely populated a state as Alaska, he has the losses on their passenger service down to about $500,000 a year, and he could get below that if he could get some more equipment. There's got to be a lesson in that for all of us."

—Federal Railroad Administrator John H. Riley, addressing the NARP Board Apr. 28

John H. Riley has become the first Federal Railroad Administrator—and thus the highest executive-branch official ever—to address the NARP Board of Directors. He spoke on Apr. 28 in Washington, DC.

Not coincidentally, Riley—introduced in *NARP News*, Mar. '84—is the first strong supporter of rail passenger service to become head of FRA. Reflecting his upbeat view of Amtrak's future, he reorganized FRA so that the person responsible for Amtrak matters would report directly to the administrator instead of being "three layers of responsibility removed."

The old system, which he found "amazing," since Amtrak "is our biggest budget item, . . . sent the wrong message" and "made it very difficult for the administrator to do any kind of 'hands on' work with Amtrak."

So Riley "took all of our freight service issues . . . and our passenger service issues, and put them in one division": FRA's first-ever division "responsible for one thing: service." And he picked Louis S. Thompson, who headed up the Northeast Corridor Improvement Project, to run that division. Thompson's title: Associate Administrator for Intercity Programs.

Riley emphasized management quality and capital investment—primarily in new rollingstock—as the major reasons for the dramatic improvements both in Amtrak's service quality and its image on Capitol Hill.

He then gave some of "my own concepts on where Amtrak needs to go over the next 4 or 5 years, . . . but I want to stress to you that I'm not speaking as FRA administrator . . . I'm just speaking as a Minnesotan who's interested in transportation."

Amtrak, according to this Minnesotan, should:

- be used by government "if Amtrak is in any way competitive with transportation alternatives. That means people, mail, courier service, and a lot of other things that could generate revenue for a government-subsidized railroad";
- invest in new rollingstock—"a core design that" can be used anywhere in the country. "I think the design and creation of a new type of Amtrak car, installing it on the system, so that we have enough cars to meet the demand [even in] peak periods . . . is the key to Amtrak maximizing its economic future";
- maximize its "non-rail income-producing potential," preferably moving to "where it can generate all of its capital spending needs from its own investments," since the capital program, with its low short-term visibility, is what suffers in budget squeezes;
- "build a professional infrastructure . . at the middle-management level. You [have to] pay competitive salaries. . . . Amtrak [unlike Conrail] has salary limitations [some of which] were . . . to 'reward' the performance of early Amtrak administrators. . . . Public service is something you view as a sacrifice that you and your family give for a while for the good of everybody. But Amtrak is a career position. You ask someone to come into Amtrak at a sharply reduced level of salary from any competing railway, and you're asking them to make that sacrifice for their whole life. Thank God that some people are willing to do that. But [Amtrak] will never develop its own succession process internally, and develop a constant professional staffing level that is capable of filling sudden vacancies in positions. I hope we can move to the day when we can have a vacancy in the Amtrak presidency and fill it from within . . .but, to get there, we're going to have to enable people to be paid competitive salaries"; and
- "continue the process of negotiating modern, realistic labor agreements." Riley praised rail labor for agreements signed with Amtrak "in the last few years. Great progress is being made. That's why you've got Auto Train, and that's why you're going to have a couple of new services opened up this year. We need to continue to go in that direction. In the long run, it's going to mean a more efficient and a more competitive Amtrak. That means more riders, it means more routes, and it means more jobs."

"I think we all need to face the reality that Amtrak needs to make a major investment, a major investment, in increasing its fleet size over the course of the next decade. That's not a political position. It's an economic reality.

"We're already experiencing shortages of equipment, and it's going to get rapidly worse, because Amtrak's ridership is growing at a pace that was beyond anything that even the greatest optimists projected as we looked out over the next couple of years.

"The incremental cost of putting an extra sleeper or putting an extra car on a train is very small, but the incremental revenue gain is extremely large. And this is how I'm going to try to sell the concept that we've got to build these trains."

—John H. Riley

GSA VS. AMTRAK

"We send about 30,000 people in government up and down the Northeast Corridor (NEC) . . . every year and only a tiny percentage . . . moves by rail. Government could have saved way over $100,000 if the bulk of those people had moved by rail. Amtrak could have saved millions. And it's good investment from the taxpayer's perspective, particularly in a corridor like New York-Washington . . ., to move people off alternative forms of transportation and onto Amtrak.

"We have an unbearable situation, in which [the U.S.] General Services Administration will not allow Amtrak to bid on the government contract for the NEC . . . . Their point of view is that . . . you get a better deal if you can sign a contract that covers 7 to 10 major cities, so we're not going to let Amtrak, which really can only bid, for government's purposes, on a couple of corridors, compete. And that's just foolish.

"If Amtrak can offer you a better price, and better service, how are you serving the taxpayers by not even letting them bid? I want to tell you, I'm going to take that one on . . . ."

—John H. Riley

Riley effusively praised the quality of service on Auto Train, and said "it is going to break service ground that will become common throughout the Amtrak system ultimately."

Finally, he said, "We need to have a dramatic improvement in the way we market passenger trains in this country. . . . I can commend the progress that Amtrak has made in area after area, but the area where I think that Amtrak continues to be exceedingly weak is in its marketing. . . . I'm pleased with some of the direction—I couldn't have said this a month ago—that I've seen just in the last 2 or 3 weeks. . . . the new Amtrak ads, I think, are persuasive. . . ."

He emphasized that "anything that Amtrak runs ought to be marketed. . . . We've got to go in and aggressively market the 403(b) [joint state/Amtrak funded] trains. They're part of the system! We need to target our advertising toward those trains."

This drew a round of applause from the NARP Board, many of whose members have been frustrated at Amtrak's failure to promote 403(b) trains, and at Amtrak's seemingly esoteric interpretation of a law which was enacted for the specific purpose of getting Amtrak to promote them.

Riley went on to say that the states should also help promote the 403(b) trains, and concluded, "but I often felt that if I were running the show at Amtrak, the first thing I would do would be to call on the National Association of Rail Passengers and say 'let's form a partnership and decide how to promote all these trains,' and recognize that the communities around this country have as much of a stake in the success of those trains as Amtrak does. While I think Amtrak has got to do more, the communities have got to get off their hands too and do a little bit if they want that kind of service.

"There's enough blame on this one to share, for all of us. But this is the direction we need to move in in marketing."

He also called for more group sales efforts to fill the trains during off-peak periods, and for intermodal cooperation.

The basic job for marketing and for all of us, said Riley, is to get the word out that today's Amtrak trains are vastly superior to the trains of the late 60s and early 70s, when many people last used the train.

He concluded with some advice for NARP itself: "NARP has got to become and stay a more united force. NARP has got to recognize that the Northeast Corridor is not Amtrak and the western routes are not Amtrak—Amtrak is one common system and if you break it up and fight with each other, what you're doing is making it easier to eliminate all of yourselves. And you need to work as a common spokesman for improved passenger transportation all over this country.

"Now I'm only one voice in a very large system of government. . . . you've also got OMB; Treasury; budget offices within the whole administration, within DOT; and a secretary of transportation. You've got 535 congressmen concerned about a federal budget deficit that has enormous consequences. You've also got a half-dozen other [Amtrak] Board members.

"But I just want you to know that I'm there; that I know your message. I've been part of sending it for a long time. Nice to be part of receiving it. . . . Don't ever forget that a lot of the battles that we fight on Amtrak are ones you never see, they get fought before you ever see those numbers.

"But I want you to know that I hear you, I enjoy working with you, and there's somebody down there who's listening, and I'll achieve what I can achieve." ■

"[Before Amtrak], the railroad industry knew it was going to get out of the passenger business, so they just stopped investing in it. The quality of the equipment deteriorated, the quality of the service became nonexistent.

"Conventional wisdom was that the iron horse was going to join the 'living' horse in the museum of our transportation history well before the 80's. But here we are, and the conventional wisdom was wrong. You were a very large part of the reason why it proved to be wrong."

—Federal Railroad Administrator John H. Riley,
addressing the NARP Board Apr. 28

RILEY: "A RAIL PASSENGER RENAISSANCE"

"We are really in the midst of a renaissance in rail passenger transportation. . . .[Amtrak is] having a tremendous year in ridership right now. . . . In 1983, Amtrak recorded the highest revenues in its history . . . they were 19% ahead of the previous year. So far this year, we have bested the record of last year by another 21%. . . . Those are remarkable numbers. . . .

"Now this renaissance hasn't come by accident. Amtrak's earned it. It's earned it with a dramatic increase in the quality of its management and a successful commitment to modern equipment and to better service. . . .

"If there is a single thing—other than the people in this room—that can claim credit for the change in Amtrak in the last few years, they are two remarkable individuals . . . each of whom brought something different to Amtrak. . . .

"The first was Alan Boyd [ed.: Amtrak's president from June 1978 through June 1982] . . . [who] came to Amtrak when the morale there was about as low as it had ever been. . . . What Alan brought Amtrak was vision [and] commitment; he brought a sense that the corporation had a future, had a vision of its future, and a direction in which to move—and it wasn't simply a museum of the past.

"Graham Claytor . . . came with a reputation that's almost bigger-than-life in the railroad industry. . . . And that in effect brought Amtrak some instant credibility. He's brought more than that. Amtrak under Claytor has been marked by professionalism, credibility, solid management and cost-control at just about every level. . . .

"There are three kinds of legislators who have to deal with Amtrak: there are people . . . who are committed to the system . . . and then you've got other people who are just ideologically opposed to it—like [Sen.] Bill Armstrong [R-CO]—who just don't believe in it and aren't going to vote for it.

"But you start out with those people as 'givens,' and the battle is over all of the others: the people that don't have a compelling interest to vote for you or against you. . . . Those people, during my first 3-4 years in the Senate, were hard to win because we were hurt by a fundamental perception that Amtrak was not a professional operation, that it really was a 'porkbarrel on wheels,' and there was no bigger factor that we had to overcome in the 'Amtrak wars' of the late 70s and early 80s.

"What's changed in the last couple of years is that Amtrak now has a solid lease on life in Congress, and that's because that middle group that we used to fight over has become convinced that Amtrak is a real railroad, that it's run like a real business, that it is a professional operation. And they may agree or disagree with its decisions. There's nobody who represents a state that can possibly agree with any decision that affects their service [negatively]. . . . But there is a general consensus that Amtrak is a professional operation, and that is what Graham Claytor has brought Amtrak.

"And the repercussion of that is that we don't have to fight these pernicious battles every other year to see if this company is still going to be in existence. That hurt our public image so much that no amount of investment in marketing could turn it around, and it sapped the time of everybody who wanted to work with Amtrak, it sapped the time of Amtrak management, it was the most destructive process I have ever seen any ongoing entity subjected to. . . .

"Now everyone accepts Amtrak as permanent . . . the issues are different. It's 'how do we chart its future?', 'what roles should it play?', 'how big or how small should it be?' We still have some serious threats. . . . You never see those battles, but I fight them every day. . . . But the bottom line is that . . . because Amtrak today is credible, it can look to the future and not simply have to worry about reaffirming its existence."

—Federal Railroad Administrator John H. Riley,
addressing the NARP Board Apr. 28

TRAINS: RELIABLE AND RELAXING

"Better equipment has meant better service. Amtrak now can boast as good, or better, on-time performance than any airline. . . . It had the best on-time performance in [its] history last year: 81.5%. And the Northeast Corridor (NEC) is well up in the 90%s. In the NEC, delay is the rule . . . if you try to fly the [Eastern] Shuttle. And the fact that Amtrak does run on-time has begun to give it the kind of advantage over the Shuttle that the airplanes used to have over the trains about 4 or 5 years ago, and it's dramatic and Amtrak is really hurting the Shuttle to New York. . . .

"Amtrak can run through rain, sleet, and fog, which planes can't. As airports have become more crowded and as Amtrak has become more professional in the way it handles its operations, that ability to operate in all weather conditions has been a bigger and bigger advantage.

"But . . . the key to the whole system—not just the corridors—is . . . the quality of the experience. [This], in the last analysis, is what brings people to railroad trains. It makes trains different from any other form of transportation—comfort, relaxation, civilized convenience.

"A person who sat in front of me on the [air] Shuttle a few weeks ago . . . turned around and described the Shuttle to me as 'man's inhumanity to man.' I think there's some truth in that.

"Where it leads us all is to recognize that there are a lot of reasons why Amtrak is going to succeed in the future: the enormous expense necessary to resurrect America's highways; the virtual impossibility of expanding airports anywhere to meet the need; and the rising cost of maintaining a personal automobile, which I can personally testify to as of the last day-and-a-half!. . . .

"The thing that will enable railroad passenger transportation to gain a greater and greater share of the nation's transportation market over the next few years is the quality of the experience that we have to sell—the fact that trains turn the process of getting there from a necessary evil to an enjoyable experience. . . . That's the name of the game. The extent to which we can maximize that advantage is really going to determine the extent to which railroad passenger transportation does come back full circle over the course of the next few years."

—Federal Railroad Administrator John H. Riley

NATIONAL ASSOCIATION FOR TRANSPORTATION ALTERNATIVES

STATEMENT OF ROBERT R. ISAACS, PRESIDENT

Senator ANDREWS. Our next witness under the 2-minute rule will be Mr. Robert Isaacs, the president of the National Association for Transportation Alternatives.

Welcome to the subcommittee.

Mr. ISAACS. Thank you, Mr. Chairman. I could not help but be reminded a moment ago of your 2-minute rule, of the K-Mart blue light special, that was just as effective. Everyone jumped at the opportunity.

Senator ANDREWS. Well, you know, your entire statement is going to be in the record as though you had given every minute of it, and some people traveled a long way, and we are trying to accommodate them so they do not have to come back next week or some other time.

Mr. ISAACS. And it is appreciated, also.

I am president of the National Association for Transportation Alternatives, and I represent what I consider personally—and I guess I should not make this a formal statement, but I will—the redheaded stepchild of the public transit industry which is rural and specialized transportation. It is mentioned very little in the administration's previous testimony before this subcommittee, and it is mentioned in very few other points and places regarding the issues of the budget proposals.

At current 1985 levels, the entire section 18 appropriation is $72 million. I have been somewhat appalled listening to some of the recommendations and pitches here today on individual projects of $150 and $160 million. The $72 million is an entire national program. In addition to that, the section 16(b)(2) program is a $26.5 million program. We do not want the cuts, we do not think we can live with the cuts, and we are just here urging their defeat.

Thank you very much.

Senator ANDREWS. Thank you very much for an excellent statement.

Last year the committee provided $25 million for the elderly and handicapped program.

Do you know how much in additional funds could be obligated for this program?

Mr. ISAACS. Could be obligated?

Senator ANDREWS. Could be, yes, justifiably.

Mr. ISAACS. I am not familiar with any—justifiably. As you know, the section 16(b)(2) program is a capital-only program. A lot of the difficulty in expending those funds has to do with how those organizations get the operating capital once they get the equipment. I think the money could be justifiably increased, and I think they proposed increasing that in the 1986 authorization, or appropriation. I think you could, and I also would like to make a pitch for section 18. In your own State, the deregulation of the interstate, intercity carriers and things of that nature have seriously hurt the ability of businesses and individuals themselves to travel in rural areas. So I would offer some support for an increase in both.

Senator ANDREWS. Thank you very much for a good statement and for your helpful answer to the question.

Mr. ISAACS. Thank you.

[The statement follows:]

STATEMENT OF ROBERT R. ISAACS

Chairman Andrews and Members of the Committee, my name is Robert R. (Randy) Isaacs. I am President of the National Association for Transportation Alternatives, or NASTA, a relatively new membership organization of rural, small urban, and specialized transportation providers. One of the main goals of NASTA in our first year of existence has been to raise public awareness about our particular segment of the public industry. In the following testimony I will attempt to raise certain points and dispel particular "myths" about rural and specialized transportation which seem to be of the fabric of the Administration's justification for transit cuts. Some of these "myths" show not only a disregard for the truly transit needy but also a lack of understanding about its own programs.

MYTH I: THE URBAN MASS TRANSPORTATION ADMINISTRATION SERVES ONLY URBAN TRANSIT

There are now approximately 1,000 transportation operators currently receiving assistance under the UMTA Section 18 program, which helps to underwrite public transportation services in non-urbanized areas with populations of less than 50,000. There are another 3 to 4,000 agencies operating in rural and urban areas furnishing transportation to special clientgroups such as the elderly and the handicapped with assistance under UMTA's Section 16(b)(2) program and various other federally funded social service programs. Our association, which represents operators in both urban and rural areas, estimates our potential membership at more than 5,000 systems nationwide. We may not have subways or articulated buses and we may not get the job done in ways that are similar to the more conventional concept of "mass transit", but rural, public and specialized transit systems are now an accepted and growing sector within this respected industry.

Mind you, though, I will readily admit that those of us in this field are playing "catch-up" - especially when it comes to recognition and assistance. As you know Federal aid for transit began with passage of the Urban Mass Transportation Act of 1964, but a full decade passed before the Department of Transportation took official notice of rural transportation. Not that the need has not been there all along.

MYTH II: RURAL AND SPECIALIZED TRANSPORTATION IS A RELATIVELY NEW SEGMENT OF THE PUBLIC TRANSIT INDUSTRY

Historically, rural and specialized transportation services began in some areas in the early 1960's as a support service for specific program activities, such as sheltered workshops for the handicapped, or direct services aimed specifically at a single clientele such as the elderly. In 1978 the General Accounting Office identified 114 separate sources of funding available from the federal government for a variety of transportation services. These services were included in such legislative and regulatory programs as the Older Americans' Act, the Social Security Act, Medicaid, and many others. The realization that the regulations and policies of the Federal government were the cause of much duplication and waste resulted in an outcry from transportation operators throughout the nation. This response from the local and state levels demanded an easing of the Federal requirements to enhance greater coordination of resources and services and became the focus for much debate and effort over the next several years.

MYTH III: THE 1986 BUDGET PROPOSALS REPRESENT A "THOROUGH REEXAMINATION OF THE MAJOR TRANSIT PROGRAMS SUCH AS OPERATING ASSISTANCE..." AND SHIFTS THE RESPONSIBILITY OF FUNDING DECISION-MAKING BACK TO STATE AND LOCAL GOVERNMENTS WHO ARE NOW IN A BETTER POSITION TO MAKE AND SUPPORT THOSE DECISIONS.

America is a mobile society and nearly all Americans depend upon transportation to go to work, to obtain needed medical care, and to take care of basic life needs. Those fortunate enough to drive and to own their own cars take this privilege for granted. But what about the others?

For those people, public transportation is the key to healthy and productive lives, opening the door to equal opportunity, and to social, physical, and economic well-being. They are the Americans most in need of public transportation; they are the people who have no other alternative. Without a national commitment to the special transportation needs of all citizens, millions are denied access to the most basic life-sustaining services that translate into dignity, independence and self-reliance.

Federal funding is probably just under half of the total public subsidies to transit. States and local governments put up an equal amount and perhaps a shade more. Survey data reported by the American Association of State highway and Transportation Officials (AASHTO) indicate that non-urbanized areas do not get more than five (5) percent of that State and Local funding., And it should be stressed that states and local governments vary widely in terms of their ability and willingness to support rural and specialized transportation. While some states have established regular, dedicated funding for such transportation services, operators in other states are generally not so lucky. As you might imagine, it is often the case that the agency in an area of extreme need for transportation has the hardest time finding the sources of funding which can make the project viable and/or constitute the required match for Federal assistance. For the average rural and specialized operator it is a matter of putting together a shifting combination of financial resources, and with this process goes the headache of meeting complex reporting requirements.

MYTH IV: "MASS TRANSIT SUBSIDIES, IN THE MAIN, BENEFIT THOSE WITH MIDDLE AND UPPER INCOME."

More than 35 million elderly and handicapped persons - roughly 15% of the U. S. population - are transportation disadvantaged. Despite the widespread dependency in rural areas on automobile travel, one-fourth of the nonmetro households with incomes under $10,000 and almost 40% of those with incomes below $5,000 have no access to a car. In other words nearly five million Americans have no access to a private automobile, and almost 50% of the rural elderly have no automobile. For the system I directed in middle Tennessee for the prior eight years, over 70% of the service was provided to low-income persons. These figures fail to substantiate those provided to this Committee two weeks ago by the Administration.

MYTH V: "FEDERAL ASSISTANCE HAS ENCOURAGED THE CREATION OF TRANSIT AGENCIES THAT ARE OFTEN LOCAL MONOPOLIES. THEY HAVE BEEN ABLE TO EXCLUDE PRIVATE COMPETITION, DESPITE THEIR INEFFICIENCY."

In rural areas there are almost never transportation "monopolies" and private sector activity is prevalent - either in the form of a private nonprofit provider or in the use of other private sector agencies on a contract basis. As for alleged "inefficiency," UMTA Administrator

Ralph Stanley himself has said, "I don't think that there's a more imaginative, creative and productive group of transit operators than we have in the non-urban programs." Rural and specialized providers have to be creative and productive because they have to work with a whole patchwork of resources and all of them are feeling a squeeze. The additional cutbacks being proposed by the Administration and the Senate Budget Committee would be a "deathknell" for many, if not most of them.

MYTH VI: "SOME STATES ARE CURRENTLY RUNNING BUDGET SURPLUSES, AND THEY COULD CONTINUE TO INCREASE SUPPORT IF NECESSARY."

The supposed surpluses in state treasuries can be extremely misleading. They may reflect, for example, contributions to public employee pension funds which can't be used as a source of funding for other programs or services. There is also no necessary, or even likely, coordination between state budget "surpluses" and the need for federal transportation assistance. Indeed, the states with the best resources are most likely to already be carrying a larger part of the transportation financing load. Federal cutbacks will be felt most by those states without budget surpluses.

MYTH VII: MASS TRANSIT PROJECTS ARE COSTLY AND UNNECESSARY.

In justifying these cuts, the Administration claims that the provision of operating assistance is essentially a local matter and not a federal responsibility, and cites examples of costly mass transit projects, rapid rail systems and other alleged abuses as the basis for its proposals. None of the arguments put forward show an awareness of the realities in rural communities, nor the unique conditions under which smaller urban and specialized transit systems operate.

Rural and specialized transit operations are not large and wasteful projects as the Administration contends. They represent local efforts frequently put together by volunteers and community leaders - not as a luxury but for the purposes of simply providing minimal levels of service. Federal operating assistance, as the Congress clearly recognized, is especially important in smaller, rural areas which lack sufficient resources to maintain public systems. In view of currently depressed economic conditions in most rural communities, particularly in agricultural areas of the country, the withdrawal of federal transit assistance would be tragic.

During the current fiscal year, UMTA will allocate less than 3% of its $4.1 billion budget to rural and specialized transportation. Although small by most standards, the annual assistance provided through the Section 18 program [$72 million] and the Section 16 (b)(2) program [$26 million] is absolutely essential to the continuation of local operations.

Many of these agencies represent the only source of public transportation within their communities. They provide basic transit services for shopping, medical care, commuting to jobs, and for special activities such as travel to elderly nutrition centers, sheltered workshops, and many others. Without continued federal assistance, thousands of transit dependent people will be denied access to the most basic public and private services - services that most Americans take for granted.

CLOSE

I have attached to my testimony a one-page statement of position on the Administration's proposed budget that was adopted at our Association's most recent Executive Committee meeting. It reflects our feeling that the rural and specialized sector of the transportation scene is only now gaining some recognition by government policy-makers. Our sector is still trying to achieve a measure of equity and instead this Administration is evidently proposing to send all of us back to square one.

I have also attached to my testimony a two-page table detailing on a state-by-state basis the impact of Section 18 cuts being proposed under the Agreement between the Senate Leadership and the Administration. Every state would see its funding cut by nearly one-fourth next year - and that is only the beginning. Similar cuts would be made in each of the following two years until Section 18 was at a level more than 60% below this year's level. I urge you and your colleagues to reject this proposal.

NASTA'S POSITION ON RURAL AND SPECIALIZED TRANSPORTATION

Rural and specialized transportation impacts and is impacted by more federal, state, regional and municipal programs and services than most other programs operated nationwide. As a vital part of the rural and urban infrastructure, transportation funding cuts would cause a ripple effect, not only on the individual users of rural and specialized transportation (their personal independence, providing an alternative to institutionalization, ability to work, and to be constructive members of society), but on the very economy of the country (people not able to get to work, companies not able to get laborers to the work site), and the provision of a safety net for those individuals unable to provide for themselves, to be able to access services provided. It is essential that these specialized and rural transportation services be considered as an integral part of the national budget.

o NASTA SUPPORTS THE ADOPTION OF A DEDICATED FUNDING SOURCE FOR SURFACE PASSENGER TRANSPORTATION;

o NASTA SUPPORTS THE FORMULATION OF AN EQUITABLE METHOD OF DISTRIBUTION OF REVENUES TO RURAL AREAS;

o NASTA SUPPORTS THE MAINTENANCE OF FUNDING LEVELS AT FY'85 AUTHORIZED LEVELS FOR ALL OF THE FOLLOWING PROGRAMS:

- SECTION 18
- GENERAL REVENUE SHARING
- COMMUNITY SERVICES BLOCK GRANT
- SOCIAL SERVICES BLOCK GRANT
- MEDICAID
- OTHER HUMAN SERVICES PROGRAMS VITAL TO RURAL AND SPECIALIZED TRANSPORTATION

o THE CURRENT 20 PERCENT MINIMUM LOCAL MATCHING REQUIREMENT FOR UMTA CAPITAL ASSISTANCE MUST NOT BE INCREASED;

o CONTINUED FUNDING FOR SECTION 16 (B)(2) MUST BE INCLUDED IN ANY NEW FORMULA GRANT PROGRAM ESTABLISHED BY THE CONGRESS.

STATE-BY-STATE IMPACT OF PROPOSED SECTION 18 CUTS
(Dole/Domenici Compared with FY'85 Funding)

REGION/State	Section 18 Funding ($ 000s)		
	FY 1985	FY 1986	Cut
REGION I:			
Connecticut	$639	$483	-$156
Maine	$705	$532	-$173
Massachusetts	$1,041	$786	-$255
New Hampshire	$505	$381	-$124
Rhode Island	$126	$95	-$31
Vermont	$350	$264	-$86
Total	$3,366	$2,542	-$824
REGION II:			
New Jersey	$864	$653	-$211
New York	$3,033	$2,291	-$742
Virgin Islands	$78	$59	-$19
Total	$3,975	$3,002	-$973
REGION III:			
Delaware	$183	$138	-$45
Maryland	$866	$654	-$212
Pennsylvania	$3,782	$2,856	-$926
Virginia	$1,854	$1,400	-$454
West Virginia	$1,245	$940	-$305
Total	$7,931	$5,990	-$1,941
REGION IV:			
Alabama	$1,714	$1,295	-$419
Florida	$1,867	$1,410	-$457
Georgia	$2,304	$1,740	-$564
Kentucky	$1,956	$1,477	-$479
Mississippi	$1,556	$1,175	-$381
North Carolina	$3,125	$2,360	-$765
South Carolina	$1,556	$1,175	-$381
Tennessee	$2,017	$1,523	-$494
Puerto Rico	$1,190	$899	-$291
Total	$17,285	$13,055	-$4,230
REGION V:			
Illinois	$2,523	$1,906	-$617
Indiana	$2,327	$1,757	-$570
Michigan	$2,803	$2,117	-$686
Minnesota	$1,629	$1,230	-$399
Ohio	$3,431	$2,591	-$840
Wisconsin	$1,908	$1,441	-$467
Total	$14,621	$4,267	-$10,354

STATE-BY-STATE IMPACT OF PROPOSED SECTION 18 CUTS
(Dole/Domenici Compared with FY'85 Funding)
(continued)

REGION/State	Section 18 Funding ($ 000s)		
	FY 1985	FY 1986	Cut
REGION VI:			
Arkansas	$1,388	$1,048	-$340
Louisiana	$1,614	$1,219	-$395
New Mexico	$626	$473	-$153
Oklahoma	$1,416	$1,069	-$347
Texas	$4,109	$3,103	-$1,006
Total	$9,153	$6,913	-$2,240
REGION VII:			
Iowa	$1,596	$1,205	-$391
Kansas	$1,216	$918	-$298
Missouri	$1,850	$1,397	-$453
Nebraska	$754	$569	-$185
Total	$5,415	$4,090	-$1,325
REGION VIII:			
Colorado	$703	$531	-$172
Montana	$466	$352	-$114
North Dakota	$383	$289	-$94
South Dakota	$445	$336	-$109
Utah	$331	$250	-$81
Wyoming	$283	$214	-$69
Total	$2,611	$1,972	-$639
REGION IX:			
Arizona	$648	$489	-$159
California	$3,138	$2,370	-$768
Hawaii	$223	$168	-$55
Nevada	$165	$125	-$40
Pacific Terr's	$125	$94	-$31
Total	$4,299	$3,247	-$1,052
REGION X:			
Alaska	$187	$141	-$46
Idaho	$609	$460	-$149
Oregon	$1,099	$830	-$269
Washington	$1,217	$919	-$298
Total	$3,111	$2,350	-$761
TOTAL FOR U. S.	**$71,770**	**$54,205**	**-$17,565**

STATEMENT OF HILMAR B. CHRISTIANSON, ASSISTANT COMMISSIONER OF RAILROAD SAFETY AND HEALTH, STATE OF MARYLAND

Senator ANDREWS. Is there anyone else wanting to go on a 2-minute? We have got a couple more segments, if we can, to get you out.

Welcome.

Mr. CHRISTIANSON. Sir, my name is Hilmar B. Christianson. I am Assistant Commissioner of Railroad Safety and Health for the State of Maryland.

We have had an act for 5 years; we have a little force stabilized at about five people who are federally certified and well trained in inspecting for rail safety in track, locomotives, cars, and operating practices. Contrary to some other testimony which I have heard about but have not seen, our State inspectors are extremely competent. They are really professional. They do their job for about two-thirds of the pay scale of the Federal railway inspectors.

We can now say that in Maryland we have inspected every mile of railroad track. We have been to train crews where no FRA inspector has been.

Now the FRA plans to cut off this half-funding to our inspectors. It is a fairly small amount, but I feel really reasonably certain that if this funding is dropped, the State of Maryland will cut its force. Maryland needs this. We have more very high speed passenger train miles in Maryland than any other State. We have 100 hazardous materials cars daily. We have a lot of high density lines, even though our route miles are very few.

In Maryland the State inspectors report and get corrected 80 percent of all of the FRA defects which are found in the State. FRA inspectors only get 20 percent. We do all of this with an extremely dedicated force. We would like this small amount of funding continued.

And I would love to answer any questions.

Senator ANDREWS. Thank you very much for an excellent statement.

Let me point out this committee has funded State rail transportation inspection programs. We have to convince our counterparts in the House.

Mr. CHRISTIANSON. Thank you, sir.

Senator ANDREWS. Thank you.

[The statement follows:]

STATEMENT OF HILMAR B. CHRISTIANSON

Maryland's Railroad Safety and Health Act 5 years ago assigned State rail safety enforcement to the Division of Labor and Industry. I'm chief of the Railroad Safety and Health Unit. Our purpose is to eliminate accident, death, injury, illness, and damage in rail operations. Primarily we do this by enforcing Federal Railroad Administration safety standards. We've stabilized at five inspector positions, four of which are federally half-funded.

Each Maryland rail safety inspector is well-trained and federally certified. As a group they represent four safety disciplines: track, motive power, equipment, and operating practices. They are competent, dedicated, professional, and productive. Their salary scale is only two-thirds that of their Federal counterparts.

Last year they inspected 6,000 track miles, 17,000 cars, 500 locomotives, and 300 train crews. They confirmed correction of more than 4,000 defects, any of which might cause accident or injury. But once again the FRA proposes to cut off its share of Maryland funding.

Maryland, like the other 31 States participating in the Federal Rail Safety Program, enforces preemptive Federal regulations. The regulations are good. FRA is responsive. They've corrected many of the early rules deficiencies. We agree that uniform rail safety standards are essential. But Maryland wants to be a partner not just a donor to the Federal program.

Maryland has 1,000 route miles. It has some very heavy traffic routes, nearly 100 hazardous material loads daily, and more very high speed passenger train miles than any other State. Last year Maryland inspectors reported and got correction of 80 percent of all FRA safety defects found in its certified disciplines. Federal inspectors processed 20 percent.

Results are good. FRA reportable train accidents in Maryland, which had dropped from 155 in 1976 to 96 in 1980 when the State program began, plunged to 30 last year. That's better than the national improvement.

FRA regulations don't blanket all areas of rail safety. Maryland, like most other States, enforces its own clearance laws, sanitation, walkway, and personal safety rules with no Federal funding. We monitor safety of bridges, rail-highway grade crossings, and industry rail operations. All these are beyond FRA jurisdiction but clearly of national concern.

Last year FRA collected about $5 million in fines. Some of this is from serious defects processed by State inspectors. Although State citations enable FRA to collect, the States receive none of the penalty money. Defect citations by the Maryland unit amounted to nearly one-third of the Federal funds it received.

When I inquired last fall, participating States had 102 federally part-funded positions and 21 nonfederally funded or vacant positions. All salaries were well below those of the FRA's 325 field inspectors. State inspectors out-produced FRA inspectors. Some monitored safety beyond FRA scope. I concluded that FRA gets more than its money's worth from partially funded State inspectors.

Certainly FRA gets a fine return from the $85,000 it funds the Maryland program. If funding ends, Maryland's program probably will be reduced. To achieve the same inspection and enforcement levels, Federal costs must climb. I urge you to continue funding State participation in the Federal Rail Safety Program.

American Bus Association

STATEMENT OF WENDELL COX

Senator Andrews. Yes, sir.

Mr. Cox. Mr. Chairman, thank you. My name is Wendell Cox. I am an independent consultant and for 9 years was a member of the Los Angeles County Transportation Commission, having been appointed to three terms by Mayor Tom Bradley.

I would like to bring to your attention the ability of the private transportation sector to assist transit in this time of need. Regardless of the Federal funding level which you and the President finally approve, transit will continue to be in fiscal crisis. Costs continue to go up faster than inflation, and this crisis will continue unless substantial change is made. In order to get transit costs under control, it is necessary to bring competition into the system by utilization of private bus and taxi operators under contract.

Around the country a number of transit agencies and municipal jurisdictions have contracted for service with such operators and have experienced savings in the range of 35 percent to 70 percent for identical service. Under this approach, the competitive bidding approach, transit agencies contract the worst lines, not the best lines, those lines with the highest deficits are contracted in order to maximize the subsidy savings.

Mr. Chairman, far greater savings are achievable than have been achieved already without threatening the jobs of any transit employees who are currently employed. Competitive service contracting is a unique opportunity to preserve or improve service to riders at the same time as we reduce or maintain the public funding requirements.

Thank you very much.

Senator ANDREWS. Thank you very much for an excellent statement. We appreciate it.

Your prepared statements will be in the record in their entirety. I understand your desire that that be done.

Anyone else want to make a short, 2-minute?

Mr. COX. I am completed, sir.

Senator ANDREWS. And your compatriots?

Mr. ORSKI. Mr. Chairman, we are part of a panel of three experts, three individuals.

Senator ANDREWS. I thought we were going to insert your statements in the record as well to get under this 2-minute time limit.

Can we consider that your statements are inserted in the record in their entirety? Yes?

Thank you very much.

[The statements follow:]

STATEMENT OF WENDELL COX

Transit begins 1985 with the prospect of reductions in Federal assistance. Yet the difference between 1985 and almost any other year is only a matter of degree. Whatever the fate of Federal assistance, transit will continue to be in financial crisis, just as it has been in the past. Fundamentally, this is attributable to super-inflationary cost increases, rather than insufficient public revenues. Rapidly rising costs have destabilized service and fare levels, resulting in continuing decline. The health of both urban mobility and transit requires that expenses be brought under control.

One particulary promising alternative incorporates competition through private contracting. From inauspicious beginnings in the late 1970's and early 1980's, contracting has become a nationwide phenomenon, as a strategy to reduce and control costs. This has benefitted both riders and taxpayers virtually everywhere that it has been implemented.

TRANSIT AND SUSTAINABILITY

Super-inflationary cost increases have been routine since the establishment of operating subsidies. From 1976 to 1982, the largest public bus operators experienced unit cost increases 61 percent above the inflation rate.

These cost increases have frequently been blamed on rapidly increasing driver salaries and benefits. The record, however, suggests a somewhat different conclusion. From 1975 to 1982, driver wages and benefits among the largest public bus operators actually declined by 13 percent relative to total costs. Certainly, driver wages and benefits have risen faster than inflation, but other costs have risen even faster. Across the board, transit costs are out of control.

Excessive cost increases account for a sizeable figure. In Los Angeles, if transit costs had been contained within inflationary bounds from 1976, operating costs in 1984 alone would have been $110 million less, a reduction of nearly 25 percent. The aggregate excess over inflation is enough to build the Long Beach Light Rail line. The figures are proportionally similar in other cities. These excessive cost increases have been financed by transit's customers, the riders and taxpayers. Service levels have declined, fare levels have increased faster than inflation and needed capital improvements have been delayed or cancelled.

In short, transit service is not sustainable under the present set of circumstances, nor will it be without substantial changes. Fares must continue to rise faster than inflation, driving passengers away. Services must continue to be curtailed, alienating communities and abandoning riders. More public revenues must be sought. Once obtained, still additional public revenue sources will be required, because public revenue sources rise at best with inflation, while transit costs rise above inflation. Stable public revenue sources are not enough as long as costs are not stable. Until costs are controlled, the decline of transit will continue.

Uncontrolled costs cannot be traced to management. They are structural and, as a result, transit is unmanageable. The root of the problem is the absence of competition. The British Government White Paper on Buses put it this way:

> But it is too easy at present for local authorities to claim that the only alternative to high subsidies is massive fare increases and service cuts. There is another way-to improve efficiency and reduce costs. The present licensing and subsidy arrangements, without the spur of competition, protect the operators rather than their customers. That balance must be changed.

Transit service has historically been provided under monopoly mechanisms. This is true under public ownership and operation, just as it was under private ownership and operation. Monopolies tend to maximize revenues, and to impose products on markets, with insufficient regard for the needs of the market. Certainly, this has been characteristic of public transit.

CONTRACTING FOR PUBLIC TRANSPORTATION SERVICE

The antidote to monopoly is competition. Competition can be invoked as a management tool, through service contracting.

Private providers produce identical service for 35 to 70 percent less cost than public operators. Further, competition forces private providers to keep annual cost increases within inflationary bounds. Through competition, transit operators can obtain more cost effective service, while retainng full policy control of both directly operated and contracted services.

The transit agency decides which services to contract, and awards contracts through competitive bidding. It specifies fares, service levels, service standards and coordinates schedules and transfers. To preserve the positions of transit employees, implementation can be phased within the limits of the turnover rate. The franchise is retained by the transit agency, and at contract expiration a new provider can be selected, or direct operation can be reassumed.

Two general categories of arguments have been raised against contracting. These can be characterized as arguments against a straw man and arguments based upon institutional turf at the expense of the public interest.

ARGUMENTS AGAINST A STRAW MAN: The first category of arguments is directed against the private monopolies which preceded the public takeover. Private monopoly is a phantom which has not been proposed for resurrection.

It is argued that private providers will select only the best routes, and that major portions of the service area will be abandoned. It is further suggested that services and fares will be uncoordinated and confusing to the public.

These arguments fail to recognize that, under contracting, service and fare decisions are made by the public transit agency, and not the private providers. The public agency, not the private providers, decides which services should be contracted. The public agency, not the private providers, establishes fares and schedules, the elements of coordination. Public service is not abandoned to the uncertainty of the market, rather public service is guaranteed by the public transit agency, just as it is An important difference, however, is that the resulting lower costs and more moderate cost increases permit more transit service and lower fares.

Arguing against a straw man is at best diversionary and at worst disingenuous.

ARGUMENTS BASED UPON INSTITUTIONAL TURF: The other category of arguments is rooted in the preservation and extension of the influence of the transit agency to the detriment of riders and taxpayers. Concerns are expressed that contracting for some services represents abdication of the agency's public policy role or that the public agency may eventually serve only the central city with direct services.

The public interest is served by higher service levels and lower fares. To the extent that transit disregards alternatives to provide higher service levels and lower fares, it runs afoul of the public interest. Urban areas are changing, mobility needs are changing and transit is

> changing. The purpose of transit is not to directly operate service; it is to move people to the maximum extent possible with available resources.
>
> Turf arguments do not reflect well on transit, and are, by definition, incompatible with the public interest.

Indeed, with the substantial cost advantages of contracting, it is bewildering that there is any argument at all. Forward thinking transit authorities are putting pride aside and incorporating competition to better fulfill their public mandate.

Contracting is not new, nor is it an aberration. Transit agencies have contracted for specialized services for years. Further, contracting in the school bus industry is a model for the transit industry. A substantial percentage of the school trips in the United States are provided by private operators, more riders than are carried by transit. Contracts are awarded on a competitive basis. The competition between private providers impacts even public providers, as the difference between public and private costs is less than in transit. Despite the disadvantages of exclusive peak operation, both public and private school transportation costs have been kept well below those of transit.

The record demonstrates that contracted public transit service brings lower costs and controlled cost increases. It will only be by lowering and controlling costs that transit service will become sustainable.

COMPETITION AND SUSTAINABILITY

Competition can make pubic transit service sustainable. There is an incrasing array of examples of cost reduction, improved market orientation and cost containment.

In Phoenix, a market oriented demand responsive service replaced Sunday conventional transit service. The savings exceed 80 percent.

In San Diego, demand responsive service is provided to communities in which low patronage levels could not otherwise justify service. Suburban fixed route services are also provided under contract, and unit costs have not only been contained, but have even been reduced from year to year. These privately contracted services have been credited with downwardly impacting the costs of even directly operated public transit service.

Services in Los Angeles County further illustrate the advantage of contracting:

In Carson, a small bus local circulation system operates on the customer oriented "timed transfer" design. Costs are 70 percent below direct public operating costs. And, these costs are achieved with a union shop.

A 1981 study by the Southern California Association of Governments demonstrated that public express services in Los Angeles County could be contracted to existing private transit providers, while eliminating the need for public subsidies, both for capital and operating costs. This is particularly notable, since public operating costs do not include capital expenditures.

The Santa Clarita Valley express service has been contracted by Los Angeles County to private providers for five years, at a savings of more than 50 percent. For the past two years, unit costs have declined, while local public transit costs have increased at super-inflationary rates.

Other areas are or soon will be engaged in studies to increase private service delivery. These include Pennsylvania, New Jersey, Georgia, Maryland, Virginia, Detroit, Des Moines, Wichita and Los Angeles.
private

The most significant developments, however, have been organizational. Competition has been institutionalized in the following areas:

> In London, with the best transit system in the English speaking world, a new policy-only body was created, London Regional Transport. The new organization will incrementally put services out to competitive bid.
>
> In the Twin Cities, the new policy-only Regional Transport Board will contract all service in the region, with central city service being provided by the former regional transit operator and other services being put out to competitive bid.
>
> In San Diego, the public system has become a subsidiary of the policy-only Metropolitan Transit Development Board (MTDB). MTDB will oversee the development of a regional trunk system, part of which may be contracted. This action institutionalizes the contracted local systems which have arisen in recent years.
>
> The Los Angeles County Transportation Commission established a program and funding to encourage cities to replace directly provided transit service with contracted service, where savings of at least 25 percent can be demonstrated.

These cases signal the emergence of a new transit service delivery approach, the Competitive Model, the policy body:

> Contracts all service, with central city service contracted to public operators and other services competitively bid.
>
> Sets fares.
>
> Establishes route alignments and service frequencies
>
> Establishes service standards
>
> Coordinates routes and transfers
>
> Performs marketing and service planning

The Competitive Model is an important philosophical departure in that the object of policy shifts from operations to customer service. This new focus better addresses the public role. In its publication "Enlarging Our Capacity to Adapt," the Citizens League of the Twin Cities puts it this way:

> The essential function of government is deciding. Government may later, itself, do what it has decided should be done. But equally, it may not. Its base intention is simply to see that what should be done is in fact done.

COMPETITION, COST CONTROL AND PUBLIC SERVICE

Transit service will be sustained only if costs are brought under control. Contracting for public transportation will not only bring costs under control, but will also result in lower costs. Contracting is effective not because private providers are better managed, but because they operate in a competitive environment. It is essential that competition be incorporated into transit.

Around the world, the value of competition is being more widely recognized. Competitive contracting is increasingly occurring not only in the United States, but also in nations such as the United Kingdom, Canada, and the Federal Republic of Germany.

Competition is not a question of political philosophy or of ideology. It is a question of pragmatism, of what best serves the people. Even the Peoples Republic of China has recognized the inherent value of competition. That nation, with an intense commitment to state monopoly, came to the realization that having things work is more important than ideological purity. Competition is being incorporated into the system of that nation to improve public service.

Similarly, in transit, it is time to discard the myths, however well intentioned, which have relegated transit and urban mobility to perpetual crisis and decline. Transit will either change or it will be changed. Where transit embraces competition and controls costs, the public interest and institutional interests will converge, to the benefit of all.

STATEMENT OF BARNETT RUKIN, PRESIDENT, SHORTLINE

The only way you're going to get continued good mass transit service without costs continuing their rapid rise is to use private bus companies. Those who tell you that private bus companies skim the cream and leave the worst routes to public operators forget to tell you the taxpayers foot the bill for losing routes. Nothing is ever for nothing and private companies can run any bus service at less expense than a public agency.

Private companies provide the dominant service in some of America's public transportation markets and could, if allowed, provide much more. Rather than take advantage of the private sector as the valuable resource it is, government has allowed for development of institutional barriers against private sector participation.

Popular belief holds that the private sector failed in the provision of mass transit services. I don't share that belief. When private bus companies could no longer make money in the cities there was a public transit climate in this country different than the one that now exists. Bus companies bought their own buses, paid taxes, often were forced politically to continue routes that economics wouldn't allow. Bus companies were treated as utilities by regulatory agencies whose job was to protect the public against their excesses. There was no public commitment to protection and development of service at any level of government.

In those days when political considerations dictated that bus service should be provided where ridership didn't warrant it, or for fares to be lower than costs, the companies required subsidy or they failed. There were no subsidies. In those days, there was no UMTA nor was there any public source of revenue at the state or local level. Obviously there is no business that can continue to make capital investment in a failing industry and therefore many private bus companies disappeared. Subsequently, governments made arrangements to keep transit going with tax relief, capital grants, grants-in-kind and ultimately, operating assistance. That relief had not been made available to private companies. Today with few exceptions, mass transit is operated by public agencies not by private companies. But how those private companies stand out. They have survived by meeting the needs of their riders through the service they provide within an acceptable cost structure. Their constituency is their riders. They have survived in spite of government policies that threaten their existence. They provide the only measuring stick you have for comparison to the costs of public providers.

The thrust of government transportation policies has led to high costs through institutionalization of management and the institutionalization of labor. Neither will give up its gains. Emphasis has been placed on projects requiring great capital investment because of their marketability through the political process. Little thought is ever given to future costs of operating or maintaining the systems. Pie-in-the-sky plans requiring enormous capital costs are enacted that displace existing, more efficient systems and lead to future operating decisions designed to protect the original mistaken capital decision. The costs have been enormous. Worse, the goals of our publicly-operated transit systems seem less and less directed toward producing highest quality service at lowest total cost. The marketplace is no longer the testing ground. The testing ground has become the legislature, or UMTA, or the media, or public perception.

I have found it irrational that there has been no marriage between public policy advocates and private providers for delivering transit services. The institutional structure that funnels aid to transit is built on the premise that public providers of transit service provide the only safeguard for the public's investment. That premise is false. I like to believe that the incentive for profit can be a prime motivator for private producers of transit services. In those markets where public policy dictates service levels above or fare levels below economic necessity, a subsidy will be required. The fact that a subsidy is required should not automatically mean that a public agency should operate the service. The service can be operated at lower cost by a private company than by a public operator and without compromising quality. Unfortunately, in much of the United States, the public agency is usually the designated recipient for federal funds and usually that public agency is also the transit provider. That agency in self protection forecloses private company participation. In too much of the country the private system has been destroyed and is not there to participate. Where it hasn't the public system is attempting to destroy it. This is a terrible waste and should be remedied. Private carriers can and will provide any bus services now operated by the public sector at lower total cost and that cost includes the fare box, operating subsidies, capital grants and tax payments. Anyone who tells you the services required by social policy, but not supported by the fare box, would cease to exist is fooling you. No public agency provides any service for nothing. What's not paid for in fares is paid for in subsidy. On virtually any route in the country where a public carrier runs a private carrier will provide service at lower cost.

In New Jersey, where my company is based, the private sector provided almost all of the public transit service before 1979. When more and more subsidy was required to maintain fares and service in the face of high fuel costs and inflation, the Legislature and the Governor decided to form a public agency to take over the railroads and the dominant bus carrier which held about 50% of the market. Since that time the State budget for transit has grown from $90 million to $160 million per year and fares have doubled even though hundreds of millions of federal dollars have been spent on capital improvements. Policies of this newly created state-wide agency have speeded the demise of several significant private companies, each of whose services were taken over by the self-same public operating company. A railroad was rebuilt at a cost of $500 million while ridership declined 30% and expectations after completion indicate a recovery of ridership which will still entail a loss of 25% from pre-construction days. With that unbelievably expensive project proving to be so unsuccessful in attracting users, new projects are being planned to spend $100 million for rail transfer facilities that, if built, will require even more operating assistance. All this so the first $500 million won't be wasted. These so-called capital improvements add to operating subsidy while at the same time destroy successful private bus companies that meet the test of the marketplace and pay taxes while so doing.

My company competes with a railroad that runs a stone's throw away. Aside from the capital goods of the railroad, paid 100% by government funds, the operating subsidy per passenger on the railroad is higher than the fares my company charges its passengers. With the same subsidy per passenger, my company could transport its passengers and the railroad's passengers for free while continuing to parenthetically pay taxes. My company also buys virtually all of its own capital goods.

On my office wall hangs a railroad map dated in the 1850's. The railroad was in the same place then as it is now. The demographic changes in the area we and that railroad serve are vast. As population and commerce shifted the bus line shifted. The railroad never moved. Yet rail fans and transportation planning advocates love railroads.

I am an advocate for mass transit. I believe it is an essential service. I believe the government has a major role to play in developing service goals and service standards. I believe private companies should provide the service to meet those goals.

Private companies, with an incentive for profit, can face the hard decisions while insulating the political process from the marketplace.

Public policy must to be directed in such a way to preserve and strengthen the extraordinarily valuable resource of private companies providing public transit service. Get rid of programs that help the providers of transit service. Emphasize programs that help the users and the taxpayers.

STATEMENT OF C. KENNETH ORSKI, PRESIDENT, URBAN MOBILITY CORPORATION

Thank you for the opportunity to present testimony on the FY1986 appropriations for mass transit. My name is C. Kenneth Orski, and I am President of the Urban Mobility Corporation, an organization which facilitates private sector involvement and public/private cooperation in urban transportation.

From 1974 to 1978 I served as Associate Administrator for Policy of the Urban Mass Transportation Administration and before that I was Director of Urban Affairs and Transportation at the Organization for Economic Cooperation and Development. I have been professionally involved in urban transportation for 20 years.

My colleagues have addressed the role of private operators as providers of transit service under contract to local government or public transit agencies. My remarks will focus on another type of privately-provided transit service -- service that requires no public subsidies at all.

At first blush this would seem to be a contradiction in terms. How often have we been told that transit and deficits go together like love and marriage? And yet, unsubsidized, money-making bus services do exist and are carrying substantial numbers of people in several metropolitan areas.

Before I comment on the potential of unsubsidized private transit to replace subsidized public transit and the extent to which this can reduce the operating subsidy requirements, let me briefly describe the several varieties of private unsubsidized transit services that have emerged in recent years.

1. The most common variety are the express commuter services offered on a subscription basis by private charter bus companies.

Services of this type can be found in several metropolitan areas, notably in New York, Boston, Los Angeles and San Francisco. They offer their clients a guaranteed seat, direct uninterrupted ride to a downtown destination and certain creature comforts not usually found on public transit buses, such as air conditioning that works, reclining seats, and individual reading lights. Some subscription bus services have been known to pamper their patrons even further by offering a morning cup of coffee and a newspaper. All this, of course, comes at a price, but people seem to be willing to pay it in exchange for premium service.

In the **New York** metropolitan area, private unsubsidized subscription buses carry about 50,000 passengers daily from destinations in Westchester County, Long Island and Northern New Jersey. Some 1000 privately owned buses enter mid-Manhattan during every morning rush hour.

Many other private operators receive only modest state-level assistance. The include: Rockland Transit Corporation providing commuter service from Rockland County, N.Y. (1983 operating expenses of $14.4 million, STOA: $$2.1 million (14.5%); Hudson Transit Corporation, providing commuter service from Orange and Rockland counties in New York State (1983 operating expenses of $19.8 million, STOA: $3.0 million (15%); New York Bus Company, providing service from the Bronx (1983 expenses of $15.6 million, STOA: $0.4 million (2.5%); Libert Lines Commuter Services, operating services from the Bronx and Westchester County (1983 expenses of $14.5 million, STOA: $0.4 million (2.7%)

In **Los Angeles**, 80 private unsubsidized commuter services are currently provided by about a dozen private companies (Commuter Bus Lines, 49 routes, Antellope Valley, 31 buses, Aztec, California Charter Bus).

A recent study by the Southern California Association of Governments (SCAG) concluded, after evaluating 22 public bus lines, that public subsidies could be reduced from $5 million to a mere $500,000 by turning this service over to private providers.

In **San Francisco,** Guiton Bus Co. of Oakland operates express routes from the Walnut Creek/Concord area (7 buses daily) and Vallejo (4 buses) to downtown San Francisco.

2. Bus Cooperatives and Bus Clubs

Here, the initiative to charter commuter bus service lies with a group of suburban residents or with a homeowners' association.

Thus, in Chicago, private "club buses" sprang up in the wake of a major fare hike by the commuter railways in 1981. Today the club buses carry 7,500 daily passengers in 144 buses on 34 routes, mostly from the southern and western suburbs into the Loop.

In the Washington DC area, the Columbia Commuter Bus Association, a non-profit organization of homeowners in Columbia Md has been operating commuter bus service to downtown Washington since 1971.

3. Privately-sponsored (and subsidized) services

The third type of public subsidy-free transit are services sponsored by corporate employers and developers. Examples include Connecticut General, Hartford; National Geographic, Gaithersburg, MD; Control Data, Minneapolis, Pacific Bell, Central Contra Costa. Hughes Co., El Segundo; Bishop Ranch, San Ramon, CA; Montclair, VA.

In Chicago, private bus companies utilizing 92 buses, carry 6,500 passengers daily under contract to 38 private employers.

Hughes Aircraft Corp. in El Segundo, CA has set up its own mini-transit system to help its 25,000 employees get to work. The system has 9 regular routes and an annual operating budget of $650,000. Hughes contracts with a private company, California Charter Buses for the service at an average cost of $215/bus/day (this is about 50% less than the cost of RTD service).

Pacific Bell funds express bus service between a BART station and its main facility at Bishop Ranch in San Ramon. Initially there are two morning and two afternoon runs, but service will be expanded when Pacific Bell moves a total of 7,000 employees to its facility at Bishop Ranch. The bus service is run under contract by the local transit agency, the Central Costa Transit Authority.

POTENTIAL OF PRIVATE UNSUBSIDIZED SERVICES TO MEET PUBLIC TRANSIT NEEDS

These and other examples suggest that private unsubsidized transit services are viable in certain circumstances. These circumstances require:

- peak hour demand, enabling the operator to fill up the bus and consistently maintain a high load factor;
- long haul non-stop runs with few if any intermediate stops
- a high concentration of trip destinations, such as a central business district or a large employment center
- guaranteed demand for service in the form of long-term subscription arrangements or charter agreements.

What enables these transit services to stand on their own feet or to operate with only minimal subsidies are a combination of factors:

- they cater to the more affluent suburban commuters who are willing to pay market price for premium service

- they utilize equipment which can be productively employed during the rest of the day in charter service. Hence, capitalization can be spread over a longer number of service hours.

- they employ part time labor and pay only "an hour's wage for an hour's work." (However, contrary to a common belief, many of them employ union drivers)

Based on a preliminary analysis of service patterns in major metropolitan areas, we estimate that 10-15 percent of total vehicle miles of service in a typical metropolitan transit operation is devoted to peak hour suburban commuter service of the type that we know can be provided without public subsidies or with only modest subsidies. (In some of the newer cities of the Sunbelt, such as Dallas and Denver, it is more). Since unit operating cost of peak hour express service is typically twice as high as the cost of local service (General Accounting Office, Report to Congress, February 1981), these services may account for as much as

18-26 percent of the total operating budget. If transit authorities were successful in turning over even one-half of their suburban services to the private sector, they would be saving 10 percent of total operating cost, and substantially reducing or eliminating the need for federal subsidy.

To summarize, we believe there is a significant potential for substitution of private unsubsidized services for publicly provided services in the area of peak hour express commuter buses. Since these are the most expensive services for the public transit agency to operate, a reduction in these services would produce a more than proportional reduction in operating expenses.

Thank you for the opportunity to present this testimony.

AMERICAN ACADEMY OF PEDIATRICS

STATEMENT OF DR. JOSEPH ZANGA, DIRECTOR OF CHILD AND ADOLESCENT EMERGENCY UNIT, CHILDREN'S MEDICAL CENTER, MEDICAL COLLEGE OF VIRGINIA, AND PRESIDENT, VIRGINIA AUTOMOTIVE SAFETY ALLIANCE, AND A FELLOW OF THE AMERICAN ACADEMY OF PEDIATRICS

Senator ANDREWS. Our next witness is Dr. Joseph Zanga from the American Academy of Pediatrics.

Dr. Zanga, we appreciate your cooperation with the time constraints we have.

We are debating, as you know, Social Security on the floor of the Senate. That is why of necessity we will have to wind up the committee hearing quite rapidly, and we appreciate your cooperation.

Your entire statement will be in the record as though you have given every word of it.

Dr. ZANGA. Mr. Andrews, I am Joseph Zanga, M.D. I am director of the Child and Adolescent Emergency Unit at the Children's Medical Center, Medical College of Virginia. I am also President of the Virginia Automotive Safety Alliance and a fellow of the American Academy of Pediatrics.

My appearance here today is on behalf of the academy, an international and national organization of more than 25,000 pediatricians. Those pediatricians and that organization have as their overriding concern the health, well-being, and safety of children and youth.

We are a cautious organization which studies issues in great detail before making public pronouncements. It was, therefore, with a great deal of confidence, based on more than 15 years of study, that in February 1985 we issued a policy statement on school bus safety. During all of those years we looked at school buses, their design and construction, school bus drivers, their qualifications and training, and children who are the passengers in those vehicles. We studied accident reports and the investigations of individuals and organizations interested in school bus safety. We corresponded with school bus manufacturers, local, State, and Federal transportation agencies, consumer groups, and the like.

I come before you today to reinforce our February statement and tell you what we have learned. That school buses have an enviable safety record is difficult to dispute unless, of course, you are the parents of one of the 10 or so children killed each year. In Virginia alone, there are 100 to 200 children injured each year as passengers on buses involved in accidents. Because my emergency room is a trauma center, I have occasion every year to examine 30 or 40 children injured in relatively minor bus accidents. Not one of those injured children would have required my services had safety belts been in use on those vehicles. The experience of my colleagues in pediatrics around the country is much the same.

We have learned some other things as well. We have learned that buses manufactured in accordance with Federal motor vehicle safety standard 222 are fully capable of supporting the use of seatbelts.

Let's move away from the issue of primary injury in school transportation to a broader injury, child safety. Among the things that the members of the Academy of Pediatrics know more about than school buses is school children. We observed that children, particularly young ones, are avid learners, but for those young ones, learning is concrete, not abstract. Children, unfortunately, cannot rationalize the way we adults do. For them, most issues have no shades of grey. Children right now are buckled into seatbelts and car seats because of Federal or State laws throughout the country. Many of our children are growing up with a habit of riding safely secured. That habit safely persists enforced by law until the first day of school when we literally and figuratively lose these children to an educational system that says it is proper to ride unsecured in a moving motor vehicle.

The American Academy of Pediatrics, for reasons of safety and safety education, urge you to consider what we have said today, to review our earlier February statement on school bus safety and other information. We urge the committee to request the National Highway Traffic Safety Administration to initiate rulemaking or other programs to mandate seatbelts on school buses. Thank you.

Senator ANDREWS. Thank you, doctor. Do you have any idea why the National Highway Traffic Safety Administration has not supported the installation of seatbelts in school buses?

Dr. ZANGA. I do not think they have all the information, and I do not think they have studied children.

Senator ANDREWS. You think it is still under consideration by them?

Dr. ZANGA. Every time we have contacted them, they say it is not under consideration, that they feel that compartmentalization is the best way to go. The evidence that we have is that compartmentalization has not worked and probably will not work without benefit of seatbelts.

Senator ANDREWS. That is why your testimony will be very important. We appreciate your sharing it with us.

Dr. ZANGA. Thank you very much.

[The statement follows:]

STATEMENT OF JOSEPH R. ZANGA

I am Joseph R. Zanga, M.D., Director of the Child and Adolescent Emergency Unit at the Children's Medical Center of the Medical College of Virginia. I am also President of the Virginia Automotive Safety Alliance and a Fellow of the American Academy of Pediatrics. My appearance here today is on behalf of the Academy, a national and international organization of more than 25,000 pediatricians. Those pediatricians and that organization have, as their overriding concern, the health, well-being, and safety of children and youth.

We are a cautious organization which studies issues in great detail before making public pronouncements. It was, therefore, with a great deal of confidence, based on more than 15 years of study, that in February, 1985, we issued a policy statement on school bus safety. During all of those years we looked at school buses, their design and construction, school bus drivers, their qualifications and training, and children who are the passengers on those vehicles. We studied accident reports and the investigations of individuals and organizations interested in school bus safety. We corresponded with school bus manufacturers, local, state and federal transportation safety agencies, consumer groups and the like. I come before you today to reinforce our February statement and tell you what we have learned.

That school buses have an enviable safety record is difficult to dispute unless, of course, you are the parents of one of the 10 or so children killed each year. In Virginia alone, there are 100-200 children injured each year as passengers on buses involved in accidents. Because my emergency room is a trauma center, I have occasion every year to examine 30-40 injured children in relatively minor bus accidents. Not one of those injured children would have required my services had safety belts been in use on those vehicles. The experience of my colleagues in pediatrics around the country is very much the same.

Lest someone tell you that despite what I have said, the buses themselves are intrinsically safe, and that by "compartmentalization" protect children from the harm of crash events, please recognize that current design safety standards were intended primarily to protect children from the forces of a front end crash (and even there they do an inadequate job). Unfortunately the majority of accidents involving buses have little to do with the front end of the vehicle. Buses are, more commonly, struck from the side at intersections or experience rear end or rollover collisions. These are precisely the accidents in which safety belts would unquestionably be life savers.

We have learned some other things as well. We've learned, for example, that buses manufactured in accordance with Federal Motor Vehicle Standard #222, are fully capable of safely supporting the use of seat belts. As noted in the "Federal Register," Volume 41, #19, January 28, 1976, page 4017, "The strength characteristics of the seats specified by the standard. . . provide the strength necessary to absorb seat belt loads." We learned from school bus manufacturers' testimony that several of them indicated, as early as 1980, a willingness to install safety belts in newly manufactured school buses if those belts were among the specifications in the order they received. The Wayne Company indicated that the seats used on their large buses are identical to those used in the small buses in which belts are required by law. Seat frames have pre-drilled holes to accommodate belt assemblies so that "after market" installation of belts by school districts is easily accomplished. It is interesting to note that in that same 1980 review, two companies, Thomas and Bluebird, both indicated that the design on their seats did not lend itself to belt installation. For these companies, it would seem that retooling would be necessary should safety belts be required. Also please note that the Thomas Company is one of the industry leaders in opposition to safety belts.

One of the most interesting things we learned is that there are actually people out there who actively oppose the use of safety belts on school buses. We do not understand that opposition. We have examined the same studies they have and have found different words in those studies than they have quoted. We, therefore, have drawn different conclusions. Even the most recent Canadian study about which I'm sure you will hear, indicated that in an unusually high speed (for a school bus -- 65 MPH) front end crash, "even belted children appeared to fare okay." The American Academy of Pediatrics maintains that had the test mimicked a more real-world event, at speeds more usually maintained by school buses with more life-like (non-stiff neck and spine) test dummies, and with instrumented child rather than adult-size dummies, there would have been a clear advantage shown for the safety of restrained subjects. Further, if our recommendation on increased seat back height had been followed, the safety advantage of the restrained dummies would have been unquestionably demonstrated. The school bus industry, however, is touting this study as "proving" the "danger" inherent in the use of safety belts on school buses.

Let's move away, though, from the issue of primary injury in school transportation to the broader issue of child safety. Among the things the members of the American Academy of Pediatrics know more about than school buses is school children. We, of course, spend our lives working with, studying and learning more about children. We have observed that children, particularly the young ones, are avid learners; but for those young ones, learning is concrete, not abstract. Children, unfortunately, can not rationalize the way we adults often do. For them, most issues have no shades of gray.

It has taken 8 years, but fortunately in our country all 50 states in some way protect young motor vehicle passengers by mandating the use of safety seats or belts in private passenger automobiles. Many of our children are thus growing up with the habit of riding safely secured. That habit safely persists, enforced by law, until the first day of school where we literally and figuratively lose these children to an educational system that says it is proper to ride unsecured in a moving motor vehicle. Two trips a day, every weekday, for about 9 months of the year is a powerfully negative learning experience. Our older children, our teenagers and our young adults are killed in massive numbers each year because they have not learned the importance of using a safety belt for every motor vehicle excursion. The potential for powerfully reinforcing the education inherent in the child safety seat laws is also inherent in any federal or state legislative effort which would seek to encourage or mandate the use of safety belts on all of our school buses.

Ladies and gentlemen of this committee, the American Academy of Pediatrics, its members and the children whom we serve, urge you, for reasons of safety and safety education, to consider what we have said today, to review our February statement on school bus safety and the other attached information. Thank you.

We urge the Committee to request the National Highway Trafic Safety Administration to initiate rulemaking or other programs to mandate seatbelts in school buses. As individual members ask that you vote in favor of measures such as that introduced by Representative Kostmayer which would provide incentive grants to states to adopt and enforce laws requiring the use of safety belts in school buses.

NATIONAL COALITION FOR SEATBELTS ON SCHOOL BUSES

STATEMENT OF CAROLE HUBERMAN, MARYLAND REGIONAL COORDINATOR

Senator ANDREWS. Our next witness is Ms. Carole Huberman from the National Coalition for Seatbelts on School Buses.

Ms. HUBERMAN. Mr. Chairman and members of the subcommittee, it pleases me to have the opportunity to comment on the $20 million occupant protection program of the National Highway Traffic Safety Administration. The National Coalition for Seatbelts on School Buses is an organization comprising professional practitioners in the fields of medicine, safety engineering, education, public service and law, and concerned parents throughout the Nation. As regional coordinator for the State of Maryland of the national coalition as well as safety chairman for the Montgomery County, Maryland Council of PTA's, I have had the opportunity to deal with NHTSA's occupant protection section. I have worked at both the local and State levels on the issue of seatbelts in school buses and see grassroots support growing vigorously, and I am proud to report that Montgomery County Board of Education recently voted unanimously to put seatbelts on its newly acquired buses.

Montgomery County joins dozens of school districts throughout the Nation that are now opting to protect their children, lower the incidence of driver error, and reinforce the habit of buckling up.

My reason for being here today is to question NHTSA's occupant protection program. As I would applaud the use of $20 million for NHTSA's seatbelt education program, I must also find it incongruous that NHTSA has been ambivalent at best on the issue of seatbelts in school buses. Will $20 million be well spent if NHTSA is sending out conflicting signals on the use of seatbelts on school buses?

Let me delineate briefly the three reasons why there should be seat belts on school buses. The high backed, padded, closely spaces seats specified in the Federal regulations for post-1977 buses—this is the compartmentalization system—is designed to protect the occupant in a direct, head-on collision. Unfortunately, the aim of the oncoming vehicle is not always so precise. More than two-thirds of all school bus accidents involve rollovers or an impact from the side. In such situation, the laws of physics take over, and the unbelted passengers are thrown from their seats.

Second, seatbelted passengers are better behaved riders, and this reduces the chance for driver error. The driver can concentrate more on the road, and this we see in the districts where seatbelts are being used. The corollary has been experienced and already proven in the cars.

Third, seatbelts used in school buses teach children to buckle up. The educational value of seatbelts in school buses is of particular significance, reinforcing an already good habit or establishing a new one.

If it is an objective of NHTSA's program to nurture the growing interest in occupant protection systems, one of the early and perhaps one of the most effective opportunities is being ignored.

Senator ANDREWS. Thank you very much. I appreciate your statement.

[The statement follows:]

STATEMENT OF R. CAROLE HUBERMAN

It pleases me to have the opportunity to comment on the $20 million Occupant Protection Program of the National Highway Traffic Safety Administration.

The National Coalition for Seatbelts on School Buses is an organization comprising professional practicioners in the fields of medicine, safety and engineering, education, public service and law, and concerned parents throughout the country.

As Regional Coordinator for the State of Maryland of the National Coalition for Seatbelts in School Buses as well as Safety Chairman for the Montgomery County (Maryland) Council of PTAs, I have the opportunity to deal with personnel in NHTSA's Occupant Protection Section.

For the past two years, I have worked at both the local and state levels on the issue of seatbelts in school buses. I see grass roots support growing vigorously throughout the state; and I am proud to report that the Montgomery County Board of Education recently voted unanimously to equip the buses being purchased this spring with seatbelts. Montgomery County joins dozens of school districts throughout the nation that are stepping forward to protect their children, possibly lower the incidence of bus driver error, and reinforce the habit of buckling up.

My reason for being here today is to question NHTSA's Occupant Protection Program. As I would applaud the use of $20 million for NHTSA's seatbelt education program, I must also find it incongruous that the NHTSA has been ambivalent, at best, on the issue of seatbelts in school buses. Will the $20 million dollars be well spent if NHTSA is sending out conflicting signals about the use of seatbelts on school buses?

Reasons for Seatbelts on School Buses

Permit me please to delineate the three major reasons for seatbelts on school buses.

1. Seatbelts protect school bus passengers in cases of accidents or even swerves. The high backed, padded, closely spaced seats specified by Federal regulation for post-1977 buses, called "compartmentalization," is designed to protect the occupant in a direct head-on collision, but the aim of the oncoming vehicle is not always so precise. More than 2/3 of all school bus accidents involve rollovers or impacts from the side. In such situations, the laws of physics take over, and unbelted passengers are thrown from their seats. (Please see accompanying diagram.)

2. Seatbelted passengers are better behaved bus riders. This reduces the chance for driver error because the drivers can concentrate better on the road. Now that an increasing number of school districts are using seatbelts, we see this as a consistent conclusion of the bus drivers. The corollary has been experienced and already proven in the automobile.

3. Seatbelts used in school buses teach children to buckle up both in the bus and when they get into an automobile. The educational value of seatbelts in school buses is particularly significant, reinforcing

an already good habit, or establishing a good habit of buckling up in the first place.

Seatbelts on School Buses Provide an Opportunity Ripe for Nurturing the Habit.

If it is an objective of NHTSA's program to nurture the growing interest in occupant protection systems, one of the early, perhaps one of the most effective opportunities is being ignored. Please consider this scenario:

- Expectant parents learn about car safety seats in prenatal classes.
- New baby leaves the hospital in an infant restraint seat, as required by law in every state.
- At pediatrician's office or clinic, the use of safety seat is reinforced by nurses, posters, etc.
- Low-cost rental of safety seats is available.
- State laws require the use of infant restraints and buckling up for children under five.
- At five, or before if participating in a Head Start program, the child gets on the school bus to begin his first formal education. There are no seatbelts. His feet don't even touch the floor. It is not only a frightening experience but a continuing negative reinforcement.

There is a new generation of parents sending children off on the school bus. They and their children expect seatbelts. Through their PTAs and other coalitions, these parents are demanding and are beginning to get seatbelts on the school buses.

Medical Endorsements for Seatbelts on School Buses

The medical community favors the use of seatbelts on school buses. Major professional groups endorsing seatbelts on school buses include the following:

American Medical Association
American Academy of Pediatrics
American Academy of Orthopaedic Surgeons
American College of Preventive Medicine
Physicians for Automotive Safety

In spite of these logical and good reasons for seatbelts on school buses the position of NHTSA on seatbelts on school buses is contradictory and unclear. The agency seems to speak with several voices. Statements by some NHTSA personnel against the use of seatbelts in school buses have never been repudiated. Those positions continue to wind their way through local school districts. At the same time, other NHTSA personnel have given some support to the use of seatbelts in school buses. This double voice is not responsible when use of seatbelts on the school bus should be a part of consistent seatbelt education; at present it is a missing link in a comprehensive occupant protection program.

If DOT is really serious about seatbelt education to save lives on the highways, a definitive statement by NHTSA supporting the use of seatbelts on school buses would be as significant as a multi-million dollar program agenda.

1967 UCLA School Bus Crash Tests

(Unbelted dummies, side collisions)

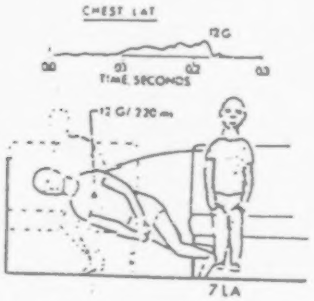

Fig. 81(a) - Thirteen-year-old 7LA impacts seat across aisle and then rotates about its cushion

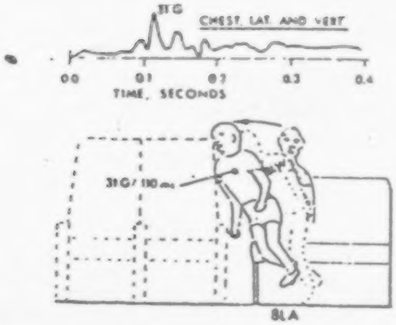

Fig. 83(a) - Thirteen-year-old pitched violently across aisle against seat and passengers

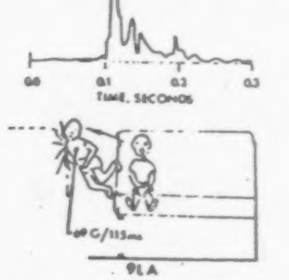

Fig. 85(a) - Three-year-old impacts seatback across aisle

NATIONAL ASSOCIATION OF COUNTIES

STATEMENT OF CARL YOUNG, COUNTY EXECUTIVE, BROOME COUNTY, NY, AND CHAIRMAN, TRANSPORTATION STEERING COMMITTEE

Senator ANDREWS. Now, unfortunately, Senator D'Amato was going to be here to introduce Joseph Latona, the executive director of the Niagara Frontier Transportation Authority and Carl Young, the county executive for the National Association of Counties. He is not here.

If you wish to submit your statements for the record, we will include in the record the statement of Senator D'Amato.

If you gentlemen would come forward, we would be glad to—or we can schedule a hearing another day.

But which would you rather do?

Mr. YOUNG. I cannot come back.

Senator ANDREWS. That is what I was afraid of.

If you can summarize, let me assure you that it will be in its entirety in the record. Senator D'Amato's statement will appear in advance.

Mr. YOUNG. Thank you very much, Mr. Chairman. My name is Carl Young. I am an elected county executive from Broome County, NY, and I am here as chairman of the Transportation Committee of the National Association of Counties.

I want to underscore the role of transportation in the services delivered by counties. The transportation services are among the most expensive; they are also among the most heavily utilized by our constituents. In Broome County we have 338 miles of county roads, 108 county bridges. We operate an airport. We have a transit system with 3½ million riders, 50 percent of whom are low income. And we operate a dial-a-ride system for the handicapped.

NACo's position is that we can accept a freeze in all transportation issues, all transportation matters. This acknowledges that we will still at the local level have to pick up increased costs through our property tax base, but we want to underscore that cuts in Federal assistance are not really any savings to taxpayers. All they are is a transfer to the property tax base for those services.

We share with everyone else the concern over the Federal deficit because we know long term it has an impact on us. In Broome County we have increased fares, and we are going to do it again. We have raised the tuition at our community college. We have increased and expanded our use of user fees, and we have raised those fees, and still, over the last 4 years, we had to raise property taxes by 60 percent.

You are familiar, I believe, and the testimony includes the NACo position on those items that are of greatest importance to us. The fact that mass transportation is included with revenue sharing, with Medicaid, I think should be some indication of the importance that we attach to it.

I think we also have to look at transportation cuts in the context of all the others. For instance, for Broome County, the elimination of general revenue sharing, the reduction of the Federal share of

Medicaid, and the transportation cuts would represent for us a 25-percent increase in property taxes. Again, we are talking about a transfer to the property tax base in most of these areas.

Senator ANDREWS. Does your organization support—would your organization support a budget freeze in the transportation area?

Mr. YOUNG. Yes, sir; that is our position.

Senator ANDREWS. Glad to have you supportive of our position.

Mr. YOUNG. And we acknowledge that, as I indicated, this will represent increased costs to us. For instance, we recently instituted a dial-a-ride system for the handicapped. We went from 30,000 riders in 1983 to 45,000 in 1984. The demand for that service is growing.

We also have a concern—and this has not been documented, Mr. Chairman, but reduction of support will force us to cut back routes. Reduction of routes, particularly as they apply to low-income people, could very well result in people winding up not able to get to work, and subsequently being on our welfare roles.

Senator ANDREWS. Thank you very much for an excellent statement.

Mr. YOUNG. Thank you, sir.

[The statements follow:]

STATEMENT OF SENATOR ALFONSE M. D'AMATO

Mr. Chairman, I appreciate this opportunity to offer my statement for the record. Today, the subcommittee begins its second day of hearings involving public witnesses on the subject of the Transportation Department's budget for fiscal year 1986.

Many of today's witnesses are concerned with the proposed budget for the Urban Mass Transportation Administration [UMTA]. I also am concerned about this issue. As we all know, the administration's fiscal year 1986 budget submission included a 70-percent cut in funding for UMTA. it provided for the abrupt cutoff of all transit operating assistance, the termination of new start funding, and the use of the Mass Transit Account of the Highway Trust Fund as the sole source for transit formula capital grants.

The Senate Budget Committee had recommended a 25-percent overall cut in the transit program for fiscal year 1986, without eliminating Federal operating aid. Personally, the Senate is considering the administration/Senate leadership budget proposal which provides still another plan. This version would phase out operating assistance over 5 years and reduce transit capital grants to $1.7 billion by 1988. Although it does not reduce transit funding as drastically as the administration's budget request, it would still have a severe impact on efforts to rebuild deteriorated older mass transit systems and build or extend new start systems.

I am concerned that all of the budget proposals we have seen are still forcing transit to bear the brunt of belt-tightening measures to a degree that is unfair when compared with other programs that have either been frozen or increased. In addition, public transit agreed to take a large cut when the Surface Transportation Assistance Act of 1982 was enacted. In that statute, cuts of 20, 10, and 5 percent were imposed, on transit properties according to their size. From fiscal year 1982 to fiscal year 1984, operating assistance was cut by 16 percent. I believe that if other Federal programs had made similar efforts to hold the line, we would not have the deficit problems we now have.

Amtrak would be terminated under the administration/Senate leadership budget. I do not agree with this decision and believe that the program should be continued. We have made a sizable Federal investment in a national passenger rail system as we have made one in mass transit. It is the duty of Congress to protect that investment, not to throw it away.

I look forward to hearing the testimony of the many public witnesses who will appear before us today and I appreciate this opportunity to offer my brief comments.

Thank you, Mr. Chairman.

STATEMENT OF CARL YOUNG

MR. CHAIRMAN, I AM CARL YOUNG, COUNTY EXECUTIVE IN BROOME COUNTY, NEW YORK AND CHAIRMAN OF THE TRANSPORTATION STEERING COMMITTEE OF THE NATIONAL ASSOCIATION OF COUNTIES (NACO).* I APPRECIATE THE OPPORTUNITY TO TESTIFY BEFORE THE TRANSPORTATION APPROPRIATIONS SUBCOMMITTEE ON THE SUBJECT OF THE FISCAL YEAR 1986 BUDGET.

NACO REPRESENTS OVER 2,100 COUNTIES, LOCATED IN EVERY STATE IN THE COUNTRY. ALL OF THESE COUNTIES PROVIDE A RANGE OF TRANSPORTATION SERVICES, INCLUDING THE CONSTRUCTION AND MAINTENANCE OF HIGHWAYS, ROADS, AND BRIDGES; THE FURNISHING OF PUBLIC TRANSIT; AND THE OPERATION OF AIRPORTS. WHILE NOT ALL COUNTIES ARE INVOLVED IN ALL TRANSPORTATION MODES, IT IS IMPORTANT TO RECOGNIZE THAT TRANSPORTATION IS FREQUENTLY THE PRIMARY, MOST COSTLY, AND MOST UTILIZED SERVICE FURNISHED BY COUNTY GOVERNMENT TO THEIR CITIZENS. AS MEMBERS OF THIS SUBCOMMITTEE KNOW, COUNTIES RECEIVE FEDERAL FUNDS FOR THEIR ROAD, PUBLIC TRANSIT AND AIRPORT PROGRAMS AND WE, AS COUNTY OFFICIALS, APPRECIATE SEEING OUR CITIZENS' TAX DOLLARS FLOWING BACK INTO OUR COUNTY TREASURIES. ACCORDING TO THE MOST RECENTLY AVAILABLE DEPARTMENT OF TRANSPORTATION ESTIMATES, FEDERAL TRANSPORTATION ASSISTANCE GOES TO APPROXIMATELY 300 COUNTY-OWNED TRANSIT SYSTEMS, 383 COUNTY-OPERATED AIRPORTS, AND TO MAINTAINING OVER 210,000 MILES OF COUNTY ROADS. GIVEN THE CURRENT PRESSURES ON OUR BUDGETS, WE ARE VERY CONCERNED ABOUT THE MASS TRANSIT PROGRAM, WHICH HAS BEEN TARGETED FOR SEVERE CUTS IN THE ADMINISTRATION'S BUDGET. ACKNOWLEDGING THE CONCERN OVER FEDERAL BUDGET DEFICITS, NACO SUPPORTS A FREEZE ON ALL TRANSPORTATION

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*THE NATIONAL ASSOCIATION OF COUNTIES IS THE ONLY NATIONAL ORGANIZATION REPRESENTING COUNTY GOVERNMENT IN THE UNITED STATES. THROUGH ITS MEMBERSHIP, URBAN, SUBURBAN AND RURAL COUNTIES JOIN TOGETHER TO BUILD EFFECTIVE, RESPONSIVE COUNTY GOVERNMENT. THE GOALS OF THE ORGANIZATION ARE TO: IMPROVE COUNTY GOVERNMENT; SERVE AS THE NATIONAL SPOKESMAN FOR COUNTY GOVERNMENT; ACT AS A LIAISON BETWEEN THE NATION'S COUNTIES AND OTHER LEVELS OF GOVERNMENT; ACHIEVE PUBLIC UNDERSTANDING OF THE ROLE OF COUNTIES IN THE FEDERAL SYSTEM.

PROGRAMS AT THE FISCAL YEAR 1985 LEVELS, BUT WE OPPOSE CUTS IN THOSE AREAS WHICH WILL RESULT IN DRAMATIC TRANSFER TO PROPERTY TAX PAYERS OF SUBSTANTIAL ADDITIONAL COSTS FOR THE MAINTENANCE OF THESE ESSENTIAL SERVICES BECAUSE OF LOSS OF FEDERAL REVENUES.

I AM FROM BROOME COUNTY, NEW YORK, WHERE I AM THE ELECTED-COUNTY EXECUTIVE AND, AS YOU MIGHT IMAGINE, AM VERY CONCERNED ABOUT THE TRANSPORTATION BUDGET. BROOME COUNTY PROVIDES A COORDINATED, BALANCED TRANSPORTATION SYSTEM WHICH SERVES THE NEEDS OF ALL OUR CITIZENS. WE MAINTAIN 383 MILES OF ROADS; 108 BRIDGES; AND A PUBLIC TRANSIT SYSTEM WITH RIDERSHIP MORE THAN 3.5 MILLION ANNUALLY, 50 PERCENT OF WHOM ARE LOW INCOME. IN ADDITION, BROOME COUNTY OPERATES A DIAL-A-RIDE TRANSIT SYSTEM FOR THE HANDICAPPED AND A COUNTY AIRPORT WITH MORE THAN 200 COMMERCIAL LANDINGS AND TAKE-OFFS EVERYDAY. FOR THOSE OF YOU NOT FAMILIAR WITH BROOME COUNTY, IT IS LOCATED IN CENTRAL NEW YORK STATE WITH THE COUNTY SEAT LOCATED IN BINGHAMTON AT THE CONFLUENCE OF THE CHENANGO AND SUSQUEHANNA RIVERS. I AM PARTICULARLY PLEASED TO NOTE THAT SENATOR ALPHONSE D'AMATO OF NEW YORK IS A MEMBER OF THE TRANSPORTATION SUBCOMMITTEE.

NACO POSITION ON THE FEDERAL BUDGET

NACO RECOGNIZES THE NEED FOR A LONG-TERM DEFICIT REDUCTION PROGRAM. COUNTY GOVERNMENTS ARE WILLING TO TAKE THEIR FAIR SHARE OF THE NECESSARY BUDGET CUTS. EVER SINCE THE BUDGET DEFICIT HAS BECOME A SERIOUS ISSUE, NACO HAS RECOGNIZED ITS RESPONSIBILITY IN THIS AREA AND HAS BEEN WILLING TO SUPPORT CUTS IN CERTAIN FEDERAL DOMESTIC ASSISTANCE PROGRAMS. SINCE 1981, WE HAVE ACCEPTED $40 BILLION OF CUTS. WE SUPPORT AN ACROSS-THE-BOARD FREEZE OF THE FISCAL YEAR 1986 FEDERAL BUDGET AS OPPOSED TO DEEP CUTS IN INDIVIDUAL PROGRAM AREAS. HOWEVER, WE FEEL IT IS UNREASONABLE TO SUBJECT THE POOR, THE SICK, AND THE LOW INCOME ELDERLY TO A FREEZE. WE BELIEVE THAT MEANS TESTED ENTITLEMENTS, INCLUDING MEDICAID, AFDC, SSI, AND FOOD STAMPS, SHOULD BE EXEMPT FROM THE

FREEZE. IF THIS APPROACH DOES NOT PROVIDE ADEQUATE SAVINGS AND CONGRESS MUST CUT FURTHER, NACO HAS AGREED ON THOSE PRIORITY PROGRAMS WHICH SHOULD BE IMMUNE FROM CUTS BELOW THE FY 1985 LEVEL. THESE PRIORITY PROGRAMS WHICH, BY CONSENSUS, ARE THE MOST EFFECTIVE AND IMPORTANT TO COUNTY GOVERNMENT ARE: GENERAL REVENUE SHARING; MEDICAID; COMMUNITY DEVELOPMENT BLOCK GRANTS; PROGRAMS FOR RURAL AREAS; AND, NOT SURPRISINGLY, MASS TRANSIT.

THESE POSITIONS WERE ADOPTED BY OUR EXECUTIVE COMMITTEE IN JANUARY 1985 AND AS OFFICIAL NACO POLICY BY OUR BOARD OF DIRECTORS AT NACO'S LEGISLATIVE CONFERENCE HELD MARCH 2-5, 1985.

TRANSPORTATION BUDGET

THE DEPARTMENT OF TRANSPORTATION BUDGET REDUCES TRANSPORTATION SPENDING BY $3.8 BILLION FOR FISCAL YEAR 1985. ALTHOUGH FEDERAL ASSISTANCE TO COUNTIES COMPRISE A SMALL PERCENTAGE OF COUNTY ROAD AND BRIDGE BUDGETS, THAT AID IS IMPORTANT TO MAINTAINING THE EXISTING URBAN AND SECONDARY ROADS AND ON-AND-OFF SYSTEM BRIDGE PROGRAMS. NACO SUPPORTS THE ADMINISTRATION'S REQUEST FOR $13.25 BILLION IN OBLIGATION AUTHORITY FOR THIS FISCAL YEAR 1986 FEDERAL AID HIGHWAY PROGRAMS. I MIGHT ADD THAT NACO WAS PLEASED CONGRESS FINALLY ENACTED THE INTERSTATE COST ESTIMATE (ICE) LEGISLATION, AND WE URGE THAT ANOTHER ICE BILL BE PASSED PRIOR TO OCTOBER 1, 1985, SO THAT THE FISCAL YEAR 1986 HIGHWAY FUNDS CAN BE OBLIGATED. WE ALSO SUPPORT THE FEDERAL AVIATION ADMINISTRATION BUDGET THAT PROVIDES $1 BILLION FOR THE AIRPORT IMPROVEMENT PROGRAM, THE SAME LEVEL AS THE CURRENT FISCAL YEAR. HOWEVER, NACO HAS SOME SERIOUS CONCERNS ABOUT THE TERMINATION OF THE ESSENTIAL AIR SERVICE PROGRAM, WHICH PROVIDES APPROXIMATELY $50 MILLION IN SUBSIDIES TO COMMUTER AIR CARRIERS SERVING 147 SMALL CITIES AND RURAL COMMUNITIES. WHILE NOT DIRCTLY AIDING COUNTY GOVERNMENTS, THIS IS AN IMPORTANT SERVICE TO RESIDENTS AND BUSINESSES IN A NUMBER OF MEMBER COUNTIES AND CONTRIBUTES TO THE ECONOMIC DEVELOPMENT OF THOSE AREAS.

WITHOUT A DOUBT, THE ADMINISTRATION'S BUDGET REQUEST FOR MASS TRANSIT IS THE MOST DISTURBING ASPECT OF THE TRANSPORTATION BUDGET AND WE WOULD URGE THIS SUBCOMMITTEE TO REJECT THIS INADEQUATE FUNDING LEVEL. THE ADMINISTRATION PROPOSES TO REDUCE MASS TRANSIT SPENDING FROM $3.550 BILLION TO $1.1 BILLION, A 70 PERCENT DECREASE IN FUNDING. THIS WOULD ELIMINATE OPERATING ASSISTANCE AND ALL DISCRETIONARY CAPITAL ASSISTANCE, LEAVING THE CAPITAL FORMULA PROGRAM TO BE FUNDED OUT OF THE MASS TRANSIT ACCOUNT OF HIGHWAY TRUST FUND. IN BROOME COUNTY, THIS WILL NECESSITATE A DOUBLING OF FARES, AFTER WHICH THERE WILL STILL BE A SHORTFALL OF $250,000. WHILE MASS TRANSIT'S SHARE OF THE FISCAL YEAR 1985 BUDGET WAS 0.3 PERCENT, THE $2.4 BILLION REDUCTION IN THE BUDGET REPRESENTS 5.3 PERCENT OF THE OVERALL FEDERAL BUDGET CUT FOR FISCAL YEAR 1986. THIS IS UNFAIR AND SIMPLY CREATES SAVINGS IN THE FEDERAL BUDGET BY SHIFTING THE RESPONSIBILITY AND COST TO LOCAL GOVERNMENTS. MANY COUNTY GOVERNMENTS WILL HAVE TO RAISE TAXES AGAIN TO KEEP THEIR SYSTEMS OPERATING. SINCE FEDERAL PROGRAM CUTS BEGAN IN 1981, A SUBSTANTIAL NUMBER OF COUNTIES HAVE HAD TO RAISE TAXES TO REPLACE THE LOSS OF FEDERAL FUNDS. MANY OF OUR CITIZENS AND ELECTED OFFICIALS DO NOT VIEW PROGRAMS WHICH HAVE BEEN CUT AT THE FEDERAL LEVEL AS OPTIONAL OR EXPENDIBLE AND WE AS COUNTY OFFICIALS HAVE HAD TO TAKE THE LEAD IN RAISING TAXES AND FINDING NEW SOURCES OF REVENUE. IN BROOME COUNTY, WE HAVE INCREASED TRANSIT FARES, RAISED TUITION AT OUR COMMUNITY COLLEGE, RAISED USER FEES ACROSS-THE-BOARD, SCALED BACK SERVICES AND WERE STILL FORCED TO RAISE PROPERTY TAXES BY MORE THAN 60 PERCENT OVER THE LAST FOUR YEARS. IF MASS TRANSIT FUNDS ARE CUT, WE WILL HAVE TO RAISE TAXES AGAIN. MASS TRANSIT IS AN ESSENTIAL SERVICE AND ONE THAT SERVES POPULATION GROUPS ACROSS THE BOARD -- OLD AND YOUNG PEOPLE AND THE POOR AND MIDDLE CLASS. FEDERAL FUNDING OF MASS TRANSIT WAS A RESULT OF THE FAILURE OF THE PRIVATE SECTOR TO PROVIDE ADEQUATE SERVICE AND AN INCREASED PUBLIC AWARENESS AND DEMAND DUE TO THE ENERGY CRISIS OF THE 1970'S. I DO NOT BELIEVE THE PRIVATE

SECTOR WILL PICK UP THE SLACK CREATED BY A 70 PERCENT BUDGET CUT. WHILE THE ENERGY CRISIS HAS TEMPORARILY ABATED, I BELIEVE OUR DEPENDENCE ON FOREIGN SOURCES OF ENERGY IN UNSTABLE AREAS OF THE WORLD DOES NOT BODE WELL FOR THE FUTURE. OUR NATION AND OUR COUNTIES NEED AN EFFICIENT, EFFECTIVE, AND SAFE MASS TRANSIT SYSTEM, AND THAT CAN ONLY BE DONE WITH A REASONABLE LEVEL OF FEDERAL ASSISTANCE.

THE LISTING OF MASS TRANSPORTATION FUNDING IN NACO'S TOP FIVE PRIORITIES SHOWS HOW IMPORTANT THIS PROGRAM HAS BECOME IN URBAN, SUBURBAN AND RURAL COUNTIES. TRANSPORTATION IS A VITAL COMPONENT IN ANY COMMUNITY'S ABILITY TO GROW, BE VIABLE ECONOMICALLY, AND BE EFFICIENT IN COMMERCE, COMMUTING AND DAILY LIVING. WITH POPULATION GROWTH, INCREASED DENSITY IN URBAN AND SUBURBAN AREAS, AND THE NEED TO KEEP OUR ENVIRONMENT CLEAN, MASS TRANSPORTATION IS AN INCREASINGLY IMPORTANT ELEMENT IN OUR NATION'S OVERALL TRANSPORTATION SYSTEM. NACO BELIEVES THAT MASS TRANSPORTATION IS A NATIONAL AS WELL AS A STATE AND LOCAL PRIORITY. MASS TRANSPORTATION PROMOTES ENERGY SAVINGS, CLEANER ENVIRONMENTS, LESS CONGESTION, ECONOMIC GROWTH AND EFFICIENCY, AND REASONABLE TRANSPORTATION ACCESS FOR ALL CITIZENS. THESE SHOULD BE NATIONAL GOALS AND PRIORITIES.

REDUCTIONS IN FEDERAL ASSISTANCE FOR MASS TRANSPORTATION ON THE ORDER OF THE ADMINISTRATION'S PROPOSAL WOULD, IN OUR JUDGMENT, BE AN INAPPROPRIATE AND DEVASTATING WITHDRAWAL OF THE FEDERAL GOVERNMENT FROM THE INTERGOVERNMENTAL PARTNERSHIP APPROACH TO MASS TRANSPORTATION. FARES WOULD HAVE TO BE RAISED DRAMATICALLY, SERVICES REDUCED OR, AS I STATED EARLIER, LOCAL TAXES RAISED TO MAKE UP THE SHORTFALL. IN MANY AREAS ALL THREE CONTINGENCIES WOULD OCCUR. WE BELIEVE THESE PROPOSED CUTS WOULD VIRTUALLY ELIMINATE MASS TRANSPORTATION SERVICE IN MANY COMMUNITIES, PARTICULARLY SMALLER METROPOLITAN AREAS.

IF THE CURRENT SYSTEM IS NOT WORKING, IS UNFAIR OR IS

INEFFICIENT, THEN LET US WORK TOGETHER TO FIX IT. LET US NOT JUST ALLOW THE FEDERAL GOVERNMENT TO WITHDRAW FROM THE FIELD UNDER THE GUISE OF BALANCING THE FEDERAL BUDGET. IF THE FEDERAL GOVERNMENT DECIDES MASS TRANSPORTATION IS STRICTLY A STATE AND LOCAL RESPONSIBILITY, THEN RETURN TO US A PORTION OF THE FEDERAL TAX BASE WHICH HAS FUNDED THE PROGRAM. IT IS SIMPLY NOT FAIR FOR THE FEDERAL GOVERNMENT TO ABANDON MASS TRANSPORTATION AND EXPECT STATE AND LOCAL GOVERNMENT TO MAKE UP THE DIFFERENCE.

SUMMARY

NACO BELIEVES THAT THE TRANSPORTAION SYSTEM IN THE UNITED STATES, MUCH OF IT PROVIDED BY COUNTY GOVERNMENT, IS ESSENTIAL TO THE WELFARE OF OUR SOCIETY. FEDERAL ASSISTANCE PLAYS A ROLE IN THIS SYSTEM AND WE URGE THIS SUBCOMMITTEE TO CONSIDER THE CONTRIBUTION AS A RESPONSIBILITY AND COMMITMENT MADE TO LOCAL GOVERNMENT. WE ARE WILLING TO DO OUR PART BY ACCEPTING A FREEZE IN TRANSPORTATION PROGRAMS AND BY STRIVING TO CONTINUE TO MAKE OUR SERVICES MORE EFFICIENT. WE ASK THAT YOU TAKE ACTIONS WHICH WILL ENHANCE AND NOT DISMANTLE LOCAL TRANSPORTATION PROGRAMS.

MR. CHAIRMAN, THANK YOU FOR THE OPPORTUNITY TO TESTIFY ON THIS ISSUE. I WOULD BE PLEASED TO ANSWER ANY QUESTIONS YOU OR OTHER MEMBERS OF THE COMMITTEE MAY HAVE.

NACo Supports Full Funding For Federal Mass Transportation Assistance

WHEREAS, the United States Congress passed, the Administration supported, and the President signed the Surface Transportation Assistance Act of 1982 (STAA); and

WHEREAS, the National Association of Counties (NACo) fully supported the passage of the STAA to be funded by the federal gasoline tax and general funds; and

WHEREAS, NACo continues to support funding for mass transportation at levels authorized in the STAA of 1982; and

WHEREAS, NACo believes that there remains a strong national interest in mass transportation to promote energy conservation, a cleaner environment, economic growth and development, more efficient transportation services and reasonable access to public transportation services for all citizens; and

WHEREAS, the Amdinistration has proposed to reduce federal assistance for mass transportation from $4.1 billion in 1985 to $1.377 billion in 1986, eliminate operating assistance, increase the local share and make other major program changes; and

WHEREAS, NACo supported the 5 cent increase of the federal gas tax, because of the one cent for mass transit included in the Surface Transportation Assistance Act of 1982, in addition to the $3 billion general fund allocation in the UMTA budget, NACo continues to support this agreement and calls upon the federal government to continue its commitment to fund mass transportation needs at levels authorized by the Surface Transportation Assistance Act of 1982.

NOW, THEREFORE BE IT RESOLVED, that the National Association of Counties continues to support federal assistance to mass transportation at levels authorized in the STAA of 1982 unless the United States Congress includes assistance to mass transportation as part of an overall budget freeze which includes all federal spending on defense social security, and entitlement programs except for means tested entitlements as stated in NACo's overall position on the federal budget; and

BE IT FURTHER RESOLVED, that the federal assistance to mass transportation should not be singled out for extra budgut cuts relative to other federal responsibilities and programs, and

BE IT FINALLY RESOLVED, that NACo calls for full consideration of its views in a partnership approach to changes in the STAA of 1982 as we approach the end of the current authorization period.

NACo
STATEMENT ON THE FISCAL 1986 BUDGET

The nation's county governments support the reduction of the federal deficit. We recognize the critical need for a long-term deficit reduction program, and we stand ready to work with the Congress and the Administration to develop such a program.

Counties have actively participated in developing a solution to the nation's fiscal problems. Since the late 1970s, the National Assocation of Counties (NACo) has supported cuts in certain federal domestic assistance programs and has worked with the Administration to share the burden in federal attempts to balance the national budget.

In accepting our fair share of this burden, our efforts have been guided by the Association's policy statement on decentralization, which seeks to recognize and preserve the role of general purpose local governments as the principal public service delivery unit.

We reaffirm these principles and continue to support decentralization proposals that incorporate them.

Recognizing the need of each level of government to share the burden in decreasing the national deficit, NACo supports a freeze for the fiscal year 1986 federal budget as opposed to deep cuts in individual program areas.

However, NACo maintains its position that means tested assistance programs critical to the health and welfare of the poor, sick and elderly should not be subject to a freeze.

In addition, NACo supports 1986 funding levels that protect the capacity of state and local governments to meet mandates imposed by the federal government and federal and state courts. NACo supports adjusting mandates to accommodate available funding.

Finally, NACo maintains that budget reductions must be carefully considered within the context of federal tax policy changes. Changes in federal tax expenditures or efforts to raise revenue should not preempt the tax and financing capacity of local government.

We further believe that reforms in tax policy should enhance local government revenue capacity so that counties can assume the new responsibilities generated by federal and state government decentralization and by mandates initiated by the federal and state government and the courts.

NACo 1986 Budget Priorities

Top Priorities

1. General Revenue Sharing (GRS)

   NACo supports continuation of full funding of the GRS program at $4.6 billion. This funding is essential to counties in providing education, public safety, health care, and other basic services.

2. Medicaid

NACo urges that the funding mechanism be retained, with no cuts in the federal match. That will preserve the entitlement nature of the program and allow for the provision of health care based on need. Cuts in Medicaid, the only public health insurance program for the poor, further shifts costs to all counties and jeopardizes the viability of public health care facilities.

3. Community Development Block Grant (CDBG)

NACo supports current funding of $3.5 billion. More than 100 counties receive entitlement grants and hundreds more are funded through the state program. Increasing participation, rising costs, and growing demands resulting from cuts in other social programs have already impeded efforts to rehabilitate blighted neighborhoods and housing for the poor.

4. Rural Programs

Poverty, poor living conditions and economic stagnation are most pervasive in rural areas where the local tax base and revenue raising capacity are severely limited. Farm failures and the inability to attract non-farm industry as a result of a lack of facilities to support such industry creates serious problems for rural community economic self-sufficiency. Consequently, NACo supports the retention of adequate funding of those farm and development programs that encourage economic growth and stability in rural areas, including the continuation of the Small Business Administration and FmHA programs.

5. Mass Transit

NACo supports federal assistance to mass transit at approximately $4.5 billion (as authorized in the Surface Transportation Assistance Act of 1982). Urban, suburban and rural counties depend on these funds for the provision of basic transportation services to the general public and special populations. Cuts would result in increased operating costs and fare increases.

* * *

Other Priority Interests

Assisted Housing

As homelessness and overcrowding continue to increase, it is essential that the $9 billion current funding level for assisted housing be retained. Housing has already taken drastic cuts in previous budget years.

Employment Training Programs

NACo supports maintaining at least the current level of funding for jobs programs targeted to needy individuals. We therefore oppose terminating the $1.4 billion for Job Corps and funding reductions in the Dislocated Worker and National Employment and Training Programs. NACo further supports continuation of the AFDC Work Incentive (WIN) program, as the only federal support specifically for welfare recipients.

Environmental Mandates

Counties are faced with the devastating cost of hazardous waste clean-up, water pollution control, and other mandates imposed by the federal government or the courts. Funding to compensate these costs should be protected and adequate to meet the mandates.

Highways and Bridges

Although federal assistance to counties comprises a small percentage of county road and bridge budgets, it is important to maintain the existing urban and secondary road and on-and-off system bridge programs. These systems are vital to interstate commerce.

Law Enforcement

State and local governments receive a very small percentage of the current $3.5 billion Justice Department budget, yet handle 95 percent of the criminal justice workload. Most county funds are tied to fixed costs, leaving little or nothing to replicate programs of proven effectiveness. NACo strongly opposes any cuts to the Justice Assistance, Juvenile Justice, Runaway Youth, and Exploited and Missing Children programs.

Medicare

NACo supports efforts to control costs, in light of the worsening fiscal situation of Medicare's Hospital Trust Fund. However, proposed cuts would directly affect more than 1000 county public hospitals and skilled nursing facilities that are the major providers of care to the low income elderly. Reductions in payments to all providers for low income elderly shift costs to Medicaid and county budgets. Medicare cost containment proposals should take into account the special needs of public facilities serving a disproportionate share of low income elderly.

Payment-in-Lieu-of-Taxes (PILT) and National Forest Payments to Counties

NACo opposes any cuts in PILT funding, a program that minimally compensates counties for the loss of tax base from tax-exempt federal lands. Twenty-five percent of all national forest receipts go to counties for roads and schools. NACo supports continuing national forest payments under the current 25 percent program.

Welfare Administration and Penalties

Counties oppose a capped block grant for administering federal entitlement programs such as AFDC, Medicaid or food stamps since the costs of increasing caseloads would be shifted to state and local governments. More stringent error rate penalties also would shift costs of programs that are national responsibilities.

WIC

NACo supports full funding of the supplemental nutrition programs for women, infants, and children (WIC). More than 2000 county health departments administer WIC. Counties would have to supplement program cuts or drastically reduce services. In terms of health cost containment, WIC is an effective investment for reducing future outlays at all levels of government. By reducing low birth weights, infant mortality and mental retardation, each $1 spent on nutritional supplements and education (WIC) will result in a savings of $3 in future Medicaid costs.

Biographical Information

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Born: 29 September 1942, Syracuse, N.Y.

EDUCATION:	Middlebury College 1964 B.A. (Political Science) Maxwell School of Citizenship & Public Affairs - Syracuse University - 1965 M.A. (Political Science)
PROFESSIONAL:	Teacher, City School District, Binghamton, N.Y. (History & Government) - An "Outstanding Secondary Educator in America" - 1974 - "Teacher of the Year", Binghamton Central High School - 1980
COMMUNITY:	Board of Directors, Broome County Urban League Board of Directors, Roberson Center for the Arts & Sciences Board of Directors, Action for Older Persons Board of Directors, NY-Penn Health Systems Agency (Executive Committee) Member, Broome Advisory Council on Human Rights Member, United Way Special Study Committee Board of Directors, Opportunities for Broome
GOVERNMENT:	Broome County Legislator (5th District) 1973 - 1980 (4 terms) - Majority Leader 1977 - 1980 - Committee Assignments: * Finance * Aging, Veterans & Youth * Transportation * Public Health Community Affairs Mental Health * Special Committee on Reassessment

* Chairman

BROOME COUNTY EXECUTIVE: 1981 - Present

- Member, New York State Association of Counties Medicaid Task Force
- Member, Broome County Industrial Development Agency
- Vice Chairman, Binghamton Metropolitan Transportation Study Committee
- National Association of Counties
  - Transportation Steering Committee 1981 - Present
    - Vice Chairman 1982-83
    - Chairman 1983-85
  - Testimony before U.S. Senate re: "Infrastructure" April 1983
- Speaker - New York Conference on the Infrastructure Sponsored by the New York Academy of Sciences, New York State Legislative Commission on Science & Technology, Polytechnic Institute of New York Department of Civil & Environmental Engineering.
  "Preserving the Infrastructure by Local Government"

NIAGARA FRONTIER TRANSPORTATION AUTHORITY

STATEMENT OF JOSEPH D. LATONA, EXECUTIVE DIRECTOR

Senator ANDREWS. Next, Mr. Joseph Latona, the executive director of the Niagara Frontier Transportation Authority.

Let me assure you that we will put your testimony immediately following your summary statement.

Mr. LATONA. Thank you, Mr. Chairman.

I will summarize my statement.

Senator ANDREWS. Good. And we will include your complete statement in the record.

Mr. LATONA. I appreciate that, sir.

My name is Joseph D. Latona. I am the executive director of the Niagara Frontier Transportation Authority. On behalf of the NFTA chairman and the board of commissioners, I would like to thank you for permitting us to offer the testimony on the Federal mass transit programs.

We at the NFTA respectfully urge the continuation of Federal mass transit programs at a funding level comparable to the commitment in prior years. I offer the following to substantiate this request.

The uniquely successful Federal-local partnership of support for mass transit funding has provided a positive economic impact of the Niagara Frontier that cannot be replaced. The $500 million Buffalo Light Rail System will open for revenue service on May 18 of this year, and it has become an important stimulus to the rebirth of both the city of Buffalo and the Niagara region in its entirety.

Construction projects are totaling more than $300 million since we have initiated the construction of the light rail project. And the private sector accounts for nearly 80 percent of this investment.

A truly exciting aspect of this development is that it includes commercial, industrial, and residential projects. We believe that this level of investment is a first installment with much more to come once the light rail is in full operation.

The centerpiece of our transit system is our transit mall which basically has sparked tremendous enthusiasm within the business community to the point that a special assessment district which will generate $1 million annually to the maintenance of that mall, will be generated. This important revenue source emphasizes the sense of local commitment in our region, but it also represents the private sector's support for mass transit as a policy tool.

We in western New York have appreciated the support of Congress for mass transit programs. We particularly appreciate this committee's commitment to the UMTA programs and to our projects. We strongly urge the continued support of the urban mass transportation programs at existing funding levels.

I would be happy to answer any questions you may have, Senator.

Senator ANDREWS. Thank you very much. Coming from western New York, my family came from western New York, Wyoming County, a little town called Perry Center, and then went out to the Dakota Territory shortly after Custer got messed up out there.

We have a good heritage.

We appreciate your statement.

Mr. LATONA. Thank you very much.

[The statement follows:]

Statement of Joseph D. Latona

MY NAME IS JOSEPH D. LATONA, EXECUTIVE DIRECTOR OF THE NIAGARA FRONTIER TRANSPORTATION AUTHORITY. ON BEHALF OF THE NFTA CHAIRMAN AND THE BOARD OF COMMISSIONERS, I WOULD LIKE TO THANK YOU FOR PERMITTING US TO OFFER TESTIMONY ON THE FEDERAL MASS TRANSIT PROGRAMS.

WE AT THE NIAGARA FRONTIER TRANSPORTATION AUTHORITY RESPECTFULLY URGE THE CONTINUATION OF FEDERAL MASS TRANSIT PROGRAMS AT A FUNDING LEVEL COMPARABLE TO THE COMMITMENT IN PRIOR YEARS. I OFFER THE FOLLOWING TO SUBSTANTIATE THIS REQUEST.

THE UNIQUELY SUCCESSFUL FEDERAL-LOCAL PARTNERSHIP OF SUPPORT FOR MASS TRANSIT FUNDING HAS PROVIDED A POSITIVE ECONOMIC IMPACT TO THE NIAGARA FRONTIER THAT CANNOT BE REPLACED. THE $500 MILLION BUFFALO LIGHT RAIL RAPID TRANSIT SYSTEM, WHICH WILL OPEN FOR REVENUE SERVICE ON MAY 18TH, HAS BECOME AN IMPORTANT STIMULUS TO THE REBIRTH OF BOTH THE CITY OF BUFFALO AND THE WESTERN NEW YORK REGION. THIS SIGNIFICANT INVESTMENT HAS SERVED TO STABILIZE THE ECONOMIC HEALTH OF BUFFALO'S MAIN STREET CORRIDOR, WHICH IS THE CULTURAL AND ECONOMIC HEART OF OUR REGION.

CONSTRUCTION PROJECTS TOTALLING $300 MILLION HAVE BEEN INITIATED OR COMPLETED SINCE THE START OF CONSTRUCTION OF OUR RAIL PROJECT IN APRIL, 1979. THE PRIVATE SECTOR ACCOUNTS FOR NEARLY 80% OF THIS INVESTMENT. A TRULY EXCITING ASPECT OF THIS DEVELOPMENT IS THAT IT INCLUDES COMMERCIAL, INDUSTRIAL AND RESIDENTIAL PROJECTS THAT HELP MAKE DOWNTOWN BUFFALO AN INCREASINGLY REWARDING PLACE TO WORK, SEEK RECREATION AND TO LIVE. WE BELIEVE THAT THIS LEVEL OF INVESTMENT IS A FIRST INSTALLMENT, WITH MUCH MORE TO COME ONCE THE RAIL LINE IS IN OPERATION. THE PROPOSED $65 MILLION DOWNTOWN BASEBALL STADIUM, AS AN EXAMPLE, IS TO BE ONE BLOCK FROM THE TRANSIT MALL. WHEN COMPLETED, THE COMBINED IMPACTS OF THE STADIUM AND THE LIGHT RAIL SYSTEM ON DOWNTOWN BUFFALO WILL BE PHENOMENAL. PUBLIC PERCEPTION IS THAT THIS DEGREE OF DOWNTOWN DEVELOPMENT WOULD NOT HAVE OCCURRED WITHOUT THE CONSTRUCTION OF THE RAIL LINE. DEVELOPMENT IS ALSO OCCURING ADJACENT TO THE RAIL STATIONS OUTSIDE THE CENTRAL BUSINESS DISTRICT UNDER CITY GUIDELINES THAT HAVE BEEN DRAWN TO PROTECT SURROUNDING NEIGHBORHOODS WHILE REALIZING THE BEST DEVELOPMENTS POSSIBLE.

THE CENTERPIECE OF THE LIGHT RAIL SYSTEM IS THE MALL ELEMENT OF THE RAIL LINE. THE BUFFALO MAINLINE MILE TRANSIT MALL STRETCHES 1.2 MILES ALONG WHAT IS TRULY THE CITY'S AND THE REGION'S MAIN STREET. THE MALL, WHICH IS A FARE FREE TRANSIT ZONE WITH SIX STATIONS, LINKS VARIOUS CENTER CITY FUNCTIONS TOGETHER, FROM THE MUNICIPAL AUDITORIUM TO THE BANKING AND COMMERCIAL SECTIONS TO THE THEATER DISTRICT. OUR AUTHORITY, IN CONCERT WITH THE CITY AND COUNTY GOVERNMENTS AND THE BUSINESS COMMUNITY, IS PROMOTING THE MALL CORRIDOR AS THE IDEAL SITE FOR NEW CENTER CITY DEVELOPMENT. THE MALL HAS SPARKED TREMENDOUS ENTHUSIASM WITHIN THE BUSINESS COMMUNITY, WHICH HAS AGREED TO POLITICALLY AND FINANCIALLY SUPPORT A SPECIAL ASSESSMENT DISTRICT TO COVER THE MAINTENANCE AND PROMOTIONAL EXPENSES OF THE MALL. THIS SPECIAL ASSESSMENT DISTRICT, WHICH WAS CREATED BY THE DOWNTOWN PROPERTY OWNERS AND ENACTED INTO LAW BY THE STATE LEGISLATURE IN OCTOBER, 1984, WILL GENERATE $1,000,000 ANNUALLY. THIS IMPORTANT REVENUE SOURCE EMPHASIZES THE SENSE OF LOCAL COMMITMENT IN OUR REGION, BUT ALSO REPRESENTS THE PRIVATE SECTOR'S SUPPORT FOR MASS TRANSIT AS A POLICY TOOL IN THE DEVELOPMENT OF DOWNTOWN. THE FLAGSHIPS OF OUR MAJOR DEPARTMENT STORE CHAINS AND FINANCIAL INSTITUTIONS ARE FINDING DOWNTOWN LOCATIONS OR ARE EXPANDING AND RENOVATING EXISTING FACILITIES IN ANTICIPATION OF THE REVITALIZED ROLE OF DOWNTOWN. ECONOMICALLY, OVER NEXT 20 YEARS WE FORECAST AN INCRESE OF NEARLY $72 MILLION IN NET RETAIL SALES AND AN INCREASE OF 2,500 EMPLOYEES IN DOWNTOWN BUFFALO. THE OFFICE-RELATED IMPACTS OF THE TRANSIT MALL DURING THE SAME PERIOD IS ESTIMATED TO INCLUDE NEW CONSTRUCTION OF 2.8 MILLION GROSS SQUARE FEET, AND EMPLOYMENT GAINS OF 14,500 WORKERS. THESE NEW JOBS WILL PROVIDE A SIGNIFICANT IMPACT TO THE ECONOMIES OF BOTH DOWNTOWN BUFFALO AND WESTERN NEW YORK.

FOR THE FUTURE, THE NFTA HAS PLANS TO EXTEND THE SPINE OF THE LIGHT RAIL SYSTEM AND TO EXTEND THE TRANSIT MALL TO A NEW STATION IN DOWNTOWN BUFFALO. THESE PROJECTS, IF IMPLEMENTED, WILL ALSO PROVIDE AN ECONOMIC BOOST TO WESTERN NEW YORK. EXTENSIONS TO THE LIGHT RAIL SYSTEM COULD GENERATE AS MANY AS 27,800 FULL TIME EQUIVALENT JOBS AND $1 BILLION IN TOTAL SPINOFF BENEFITS IN OUR REGION. THE EXTENSION OF THE TRANSIT MALL TO THE HISTORIC DELAWARE, LACKAWANNA AND WESTERN TRAINSHED (THROUGH THE ADDITION OF THE NAVAL PARK STATION FOR WHICH WE ARE SEEKING FUNDING IN FISCAL YEAR 1986), COULD MEAN AN ADDITIONAL 700,000

SQUARE FEET IN RETAIL AND OFFICE SPACE; 400 NEW RESIDENTIAL UNITS; 3,200 NEW DOWNTOWN EMPLOYEES; $32 MILLION IN NEW RETAIL SALES; AND THE CONSTRUCTION OF A MUSEUM FACILITY CAPABLE OF ATTRACTING 100,000 VISITORS ANNUALLY TO ITS SITE. THUS, WE DO NOT VIEW THE RAIL LINE AS A STATIC RESOURCE, BUT ONE THAT CAN BE MODIFIED TO TAKE ADVANTAGE OF UNIQUE OPPORTUNITIES TO ASSIST IN THE DEVELOPMENT OF OUR REGION.

IN ADDITION TO THE RAIL SYSTEM, THE UMTA PROGRAM HAS PERMITTED THE CONTINUED OPERATION AND MODERNIZATION OF THE METRO BUS TRANSIT SYSTEM. CONTINUED OPERATIONS ARE MADE POSSIBLE THROUGH FEDERAL, STATE, AND LOCAL CONTRIBUTIONS OF OPERATING ASSISTANCE TO OUR SYSTEM. MODERNIZATION IS MADE POSSIBLE THROUGH FEDERAL, STATE AND LOCAL COMMITMENTS TO CAPITAL ASSISTANCE.

UTILIZING UMTA CAPITAL ASSISTANCE, SIX REGIONAL BUS SYSTEMS WERE PURCHASED BY THE NFTA IN 1974 AND THE UNIFIED METRO SYSTEM WAS CREATED. THE METRO SYSTEM HAS ENABLED THE 1500 SQUARE MILE SERVICE AREA OF THE NFTA TO BE SERVED BY ONE TRANSIT SYSTEM. NOW, WITH THE ADVENT OF THE BUFFALO LIGHT RAIL RAPID TRANSIT SYSTEM, INTEGRATED WITH THE METRO BUS SYSTEM, MOBILITY VIA TRANSIT ON THE NIAGARA FRONTIER WILL BE FURTHER ENHANCED. DURING THE PAST FISCAL YEAR, NFT METRO CARRIED 42,571,000 PASSENGERS. WE ESTIMATE THAT IN CURRENT FISCAL YEAR, METRO, INCLUDING THE NEW RAIL SYSTEM, WILL CARRY 46,500,000 PASSENGERS. THESE PASSENGERS UTILIZE TRANSIT TO WORK AND SHOP ON THE NIAGARA FRONTIER. MANY OF THESE PASSENGERS ARE TRANSIT DEPENDENT. THUS, OUR SYSTEM ENABLES ALL TO PARTICIPATE IN THE ECONOMY OF WESTERN NEW YORK. AS SUCH, TRANSIT HAS A SIGNIFICANT POSITIVE IMPACT IN THE NIAGARA FRONTIER. A RECENT EXAMPLE OF THIS IMPACT IS RELATED TO THE STIMULUS OF RETAIL ACTIVITY OF DOWNTOWN BUFFALO PREDICATED BY THE OPERATION OF DEMONSTRATION LIGHT RAIL SERVICE IN OCTOBER, 1984. DURING THE HOLIDAY SEASON, DOWNTOWN BUFFALO RETAILERS REALIZED A 20% GAIN IN RETAIL SALES COMPARED TO THE PRECEDING YEAR. THIS WAS THE FIRST INCREASE IN RECENT YEARS AND PROVES THAT TRANSIT CAN STIMULATE ECONOMIC ACTIVITY IN WESTERN NEW YORK.

ANOTHER IMPORTANT FACTOR TO CONSIDER IS THE ECONOMIC IMPACT TO THE NIAGARA FRONTIER OF THE METRO OPERATING BUDGET. IN THE LATEST FISCAL YEAR, THE OPERATING BUDGET OF THE METRO SYSTEM TOTALLED $40 MILLION. IN THE CURRENT FISCAL YEAR, THE OPERATING BUDGET, WHICH NOW INCLUDES THE NEW LIGHT RAIL SYSTEM, IS ESTIMATED AT $46.5 MILLION. THE OPERATING BUDGET IS PRIMARILY FOR WAGES AND SUPPLIES. AS SUCH, THESE MONIES ARE SPENT IN THE LOCAL ECONOMY AND THEIR ECONOMIC IMPACT IS ENORMOUS. CONTINUATION OF THE CURRENT PARTNERSHIP OF FEDERAL, STATE, AND LOCAL FUNDS TOWARD THE OPERATION OF THE METRO SYSTEM IS IMPORTANT TO THE ECONOMIC HEALTH OF WESTERN NEW YORK.

THE UMTA CAPITAL ASSISTANCE PROGRAM, IN ADDITION TO THE PURCHASE OF NEW BUSES, HAS ENABLED THE CONSTRUCTION OF NEW BUS GARAGES IN BUFFALO AND NIAGARA FALLS, MASS TRANSIT ELEMENTS OF A TRANSPORTATION CENTER IN BUFFALO, AND AN INTERNATIONAL TRANSPORTATION CENTER IN NIAGARA FALLS. IN ADDITION TO THE EMPLOYMENT RELATED TO CONSTRUCTION, BETTER MAINTENANCE FACILITIES MEAN BETTER SERVICE TO THE PATRONS OF THE SYSTEM. FURTHERMORE, THE TRANSPORTATION CENTERS STIMULATE INTERCITY COMMERCE AND BRING BUSINESS TO THE AREA.

THE TRANSPORTATION CENTERS ARE ALSO AN EXAMPLE OF THE PRIVATE PUBLIC PARTNERSHIP TOWARD THE PROVISION OF TRANSPORTATION SERVICE ON THE NIAGARA FRONTIER. THE EXISTING METROPOLITAN TRANSPORTATION CENTER IN BUFFALO AND THE INTERNATIONAL TRANSPORTATION CENTER, WHICH IS UNDER CONSTRUCTION IN NIAGARA FALLS, WERE FUNDED UTILIZING FEDERAL, STATE, AND LOCAL RESOURCES.

IN ADDITION TO BRING HUBS FOR THE INTRA-REGIONAL METRO SERVICE, THE TERMINALS ALSO SERVE AS INTER-URBAN TERMINALS FOR PRIVATE CARRIERS. SPACE IS RENTED FROM THE AUTHORITY TO THE PRIVATE CARRIERS FOR THIS PURPOSE. THUS, PUBLIC FUNDING HAS PROVIDED A FACILILTY WHICH IS USED BY PRIVATE ENTERPRISE IN A SITUATION WHERE THE NEED EXISTED BUT INVESTMENT FACTORS PRECLUDED THE INVESTMENT BY THE PRIVATE SECTOR. AS A RESULT, THE RIDING PUBLIC RECEIVES NEEDED SERVICE FROM THE PRIVATE SECTOR AND THE OVERALL UTILITY OF THE PUBLIC FUND EXPENDITURE IS MAXIMIZED.

IN THE FUTURE, TWO NEW BUS MAINTENANCE FACILITIES ARE PLANNED. THEIR CONSTRUCTION WILL HAVE A POSITIVE IMPACT ON THE LOCAL CONSTRUCTION INDUSTRY. THEIR OPERATION WILL HAVE A POSITIVE IMPACT ON THE LEVEL OF SERVICE PROVIDED TO THE PUBLIC AND THEREBY CONTRIBUTE TO THE POSITIVE IMPACT THAT THE TRANSIT SYSTEM HAS ON THE ECONOMY OF WESTERN NEW YORK. I BELIEVE THAT IT IS IMPORTANT FOR CONGRESS TO CON-

TINUE TO RECOGNIZE AND SUPPORT THE IMPORTANCE OF MAINTENANCE. EVERYTHING HAS A USEFUL ECONOMIC AND OPERATIONAL LIFE: PORTS AND WATERWAYS NEED DREDGING; HIGHWAYS AND RUNWAYS NEED REPAVING; AND BUSES, RAIL CARS AND MAINTENANCE FACILITIES NEED TO BE REPAIRED AND PERIODICALLY REPLACED. ALL MODES OF TRANSPORTATION ARE IMPORTANT TO THIS COUNTRY. IN ORDER TO MAINTAIN EFFICIENT AND RELIABLE SERVICE IT IS IMPORTANT THAT ADEQUATE RESOURCES ARE AVAILABLE.

THE NFTA AND THE PUBLIC AND PRIVATE ENTITIES OF WESTERN NEW YORK VIEW TRANSIT AS MORE THAN A MEANS OF MOBILITY. WE HAVE AND WILL CONTINUE TO USE MASS TRANSIT AS A POLICY TOOL AS INTENDED BY CONGRESS. OUR TRANSIT SYSTEM HAS HAD A MULTI-FACETED ROLE IN THE EVERYDAY LIFESTYLE AS WELL AS THE LONG-RANGE DECISION-MAKING OF WESTERN NEW YORK. THE WISDOM OF THE PROGRAMS OF THE URBAN MASS TRANSPORTATION ACT AND THE USES OF THESE PROGRAMS IN OUR REGION ARE EVIDENT: OUR SYSTEM NOT ONLY PROVIDES MOBILITY, BUT IT REDUCES THE COSTLY SIDE EFFECTS OF URBAN SPRAWL AND CONTRIBUTES TO OUR GOALS TO REDUCE ENERGY CONSUMPTION, AIR POLLUTION, THE DISECONOMIES OF CONGESTION, AND TO OUR GOALS TO INCREASE OPPORTUNITIES FOR THE ELDERLY AND THE HANDICAPPED, AND TO STIMULATE OUR REGIONAL ECONOMY. AS A SPECIAL NOTE TO OUR CONTRIBUTION TO THE REGIONAL ECONOMY I WANT TO SAY THAT THE UMTA PROGRAMS HAVE MEANT INCREASED BUSINESS OPPORTUNITIES AND EMPLOYMENT TO MINORITIES. THROUGH THE END OF 1984 MINORITY BUSINESSES HAVE RECEIVED APPROXIMATELY $60 MILLION IN CONTRACTS AND PURCHASE ORDERS. THE CONTINUATION OF FEDERAL TRANSIT PROGRAMS WILL MEAN A CONTINUED EXPANSION OF EXISTING MINORITY BUSINESSES AND THE ATTAINMENT OF OUR OTHER NATIONAL AND LOCAL GOALS.

THE USE OF MASS TRANSIT AS A POLICY TOOL IS A LEGITIMATE AND ESSENTIAL APPLICATION OF THE UMTA PROGRAMS. WE IN WESTERN NEW YORK NEED ONLY TO LOOK AT THE INTEREST IN MASS TRANSIT OF GROWING SUN BELT CITIES LIKE HOUSTON AND LOS ANGELES TO RECONFIRM THE WISDOM OF OUR USE OF THE PROGRAMS. I BELIEVE THAT OUR REGION HAS BEEN AT THE FOREFRONT OF UTILIZING AVAILABLE RESOURCES TO THEIR MAXIMUM POTENTIAL.

OUR SUCCESS IN DOING SO IS OBVIOUS AND HAS BEEN BASED ON THE EXISTENCE OF THE FEDERAL, LOCAL PARTNERSHIP TOWARD MASS TRANSIT. FURTHERMORE, IN ADDITON TO IMPLEMENTING PROJECTS MADE POSSIBLE BY THE FEDERAL MASS TRANSIT PROGRAMS, NFTA AND OTHER LOCAL GOVERNMENT AGENCIES HAVE UNDERTAKEN PROJECTS REQUIRING A COMMITMENT OF LOCAL RESOURCES OF APPROXIMATELY $17.3 MILLION DOLLARS IN RECENT YEARS. EXAMPLES OF THESE PROJECTS INCLUDE THE CONSTRUCTION OF THE METROPOLITAN TRANSPORTATION CENTER IN BUFFALO, THE CONSTRUCTION OF THE TONAWANDA TURNOUT TO THE LIGHT RAIL SYSTEM, CERTAIN EXTRAORDINARY COSTS ASSOCIATED WITH THE CONSTRUCTION OF THE LIGHT RAIL SYSTEM, AND A SIGNIFICANT PORTION OF THE COSTS ASSOCIATED WITH THE START-UP OF THE LIGHT RAIL SYSTEM. THIS LEVEL OF COMMITMENT, FINANCED WITHOUT FEDERAL ASSISTANCE, ILLUSTRATES THAT THE LOCAL POLICY MAKERS ARE ALSO COMMITTED TO PROVIDING ASSISTANCE TO TRANSIT PROGRAMS.

WE IN WESTERN NEW YORK HAVE APPRECIATED THE SUPPORT OF CONGRESS FOR MASS TRANSIT PROGRAMS. WE PARTICULARLY APPRECIATE THIS COMMITTEE'S COMMITMENT TO THE UMTA PROGRAMS AND TO OUR PROJECTS. WE STRONGLY URGE THE CONTINUED SUPPORT OF THE URBAN MASS TRANSPORTATION PROGRAMS AT EXISTING FUNDING LEVELS: THE PROGRAMS ARE REASONABLE, THEY ARE WELL DESIGNED TO ADDRESS NEEDS, AND THEY ARE IMPORTANT TO BOTH NATIONAL AND LOCAL GOALS.

C–470 INTER-CHAMBER TASK FORCE

STATEMENT OF JIM ALLRED, CHAIRMAN

ACCOMPANIED BY DWIGHT BOWER

Senator ANDREWS. Our next witness is our final witness who we were keeping as a final witness because we had hoped that Senator Armstrong could be here. Unfortunately he cannot. Again, the Social Security bill is on the floor. He is a member of the Senate Finance Committee and a colleague of ours. His statement will be inserted for the record, along with the complete statement of Mr. Allred.

The gentlemen from C–470, Jim Allred and Dwight Bower, welcome to the committee. We appreciate your patience. I hope you can understand our problem.

Mr. ALLRED. We can.

Thank you, Mr. Chairman and members of the subcommittee. I am Jim Allred, and I serve as chairman of the Colorado 470 Inter-Chamber Task Force representing thousands of businesses in the Denver metropolitan area.

This is the fourth year that the task force has sponsored the C–470 Washington, DC delegation which represents businesspeople, homeowners, labor, and governmental entities in the south and west Denver metropolitan region, all of whom are vitally concerned with the early completion of the C–470 project.

When completed, the C–470 project will be a 26-mile long, four-lane parkway located in the southwest Denver metropolitan area. The parkway will connect I–25 on the Denver metropolitan area's south side with I–70 on its west side.

We are here to thank you for your generous help in fiscal year 1985 and to report that the funds appropriated for the project have been put to good use.

Maintaining a reasonable and consistent level of funding continues to be the major issue facing C–470. Our desire is to finish the project as quickly as we can. As opposed to most other interstate transfer projects which are beginning their concept and design phases, C–470 is under design, and a large portion of the project is actually ready for construction. In other words, moneys appropriated for the project can be spent for construction.

Since the project is under construction, maintaining an adequate and reasonable level of funding makes economic sense. Inflation continues to be a problem for not only C–470 but for all transportation projects. The difference is that C–470 can be built now.

Maintaining an adequate and reasonable level of funding also enables the Colorado Department of Highways to plan more accurately for manpower needs and to better meet construction schedules, thus helping the department to make more efficient use of funds.

The Colorado Department of Highways has demonstrated a willingness to make State funds available to match any Federal funding allocation.

The Colorado 470 delegation again strongly urges Congress and the administration to increase funding for the C–470 project. Specifically, we request $40 million in fiscal year 1986 and $38.6 million in fiscal year 1987.

Senator ANDREWS. Would you be able to obligate all of $40 million if it were provided?

Mr. BOWER. Yes; we will be.

Senator ANDREWS. Thank you very much.

Mr. ALLRED. If Colorado receives a total of $78.6 million for these two fiscal years, the Federal interstate transfer amount as set by Congress in 1982 will have been met. It should be noted that another $40 million will still be needed to complete C–470 and related interstate transfer projects.

The longer the projects are delayed, the higher the cost to finish them. On behalf of the Colorado 470 delegation, representing a broad coalition of interest groups throughout the Denver metropolitan area and the State of Colorado, all of whom strongly support the project, we thank you for your solid support in the past and urge you to increase the funding level in fiscal year 1986.

Senator ANDREWS. Thank you very much for a good statement. We appreciate your coming here.

Mr. ALLRED. Thank you.

Mr. BOWER. Thank you.

Senator ANDREWS. Your entire statement will appear in the record.

[The statements follow:]

STATEMENT OF HON. WILLIAM L. ARMSTRONG, U.S. SENATOR FROM COLORADO

Mr. Chairman and members of the subcommittee, I want to take this opportunity to thank the Subcommittee on Transportation Appropriations and the full Senate Committee on Appropriations for their generous support of Colorado's funding needs under the Interstate Highway Transfer Program.

Colorado's most important highway project—Colorado 470—receives most of its funding through the Transfer Program and will be the subject of my remarks today. Colorado 470, commonly referred to as C–470, will be a 26-mile-long, four-lane parkway circumferencing the southwestern Denver metropolitan area when completed, by connecting Interstate 25 in the south with Interstate 70 in the west. This is an area of Denver that has witnessed very rapid growth in the last several years. The need for this parkway was first identified in 1958 and today the area is experiencing the expected rapid growth without yet having completed the anticipated transportation network. The result has been tremendous traffic congestion. County Line Road currently handles much of the east-west traffic in the area and there was a 13.5-percent increase in traffic from 1982 to 1984.

Construction has begun on C–470, and phase I of the project, an 11-mile segment from Interstate 25 to Santa Fe Drive, is scheduled to be completed in December. Two other segments of C–470, known as phase II and phase III, are scheduled for completion in 1987 and 1988, respectively.

The completion of phase I by next December is a result of the subcommittee's action last year directing $21 million in discretionary funds for Colorado, in addition to the $10 million Colorado received in formula funds. Colorado was able to make good use of these funds because preliminary work had been completed in phase I and the money is being used directly on construction. Again, I want to reiterate Colorado's great appreciation for looking so favorably on this highway project long sought by the citizens of Denver and surrounding areas.

C–470 is a $326 million project of which $152 million will come through the Federal, State, and local contributions from the Interstate Transfer Program. C–470 is still due to recieve $78.6 million in funds from the Interstate Transfer Program and Colorado would like to receive the funds over a 2-year period in order to complete phases II and III on schedule. Thus, Colorado would be able to spend a total of $40 million in formula and discretionary funding in each of the next 2 years.

Thanks again for your strong support for this important highway project.

You will hear testimony today also from a joint delegation of the C–470 Inter-Chamber Task Force, a group of volunteers from four Denver metropolitan area chambers of commerce, and the Colorado Department of Highways, who will share Denver's appreciation for the subcommittee's support.

STATEMENT OF JIM ALLRED

Summary of request:

The Colorado 470 Delegation, sponsored by the Colorado 470 Inter-Chamber Task Force, offers testimony that substantiates the need for additional funding for the Colorado 470 (C-470) parkway project and related Colorado Interstate Transfer projects. The C-470 project will be a 26-mile-long, four-lane parkway when completed in the southwest Denver metropolitan area. The $236-million parkway will eventually connect I-25 on the Denver metropolitan area's south side with I-70 on its west side. It is expected that 12 miles of the parkway will open by December of this year -- in large part due to previous Interstate Transfer funding made possible through previous Congressional and Administration actions.

Projects involved:

Specific projects that are being funded through the Interstate Transfer program in Colorado as well as those completed through the same program include:

- Colorado 470
- Santa Fe Drive (includes Littleton railroad depression and Mississippi Avenue)
- Kipling/Independence--Arvada
- Kipling/Jewell to Hampden--Lakewood
- Kipling/Hampden to C-470--Jefferson County
- Wadsworth
- Alameda
- Hampden at I-25 -- finished
- Yosemite -- finished
- 104th Avenue -- finished
- Rideshare project -- finished
- Traffic changes (associated with 16th Street Mall in Denver) -- finished
- 16th Street Mall--Denver -- finished

Name and title of witness:

Mr. Jim Allred
Chairman
Colorado 470 Inter-Chamber Task Force

Mr. Allred is a principal in the firm of Allred-Fisher Architects in Littleton, Colorado, a southwest Denver suburb. Mr. Allred serves as the chairman of the C-470 Inter-Chamber Task Force, which is a task force sponsored by four Denver-area chambers of commerce -- Centennial (Englewood and Littleton), Denver, Golden and Lakewood-South Jeffco. The C-470 Delegation sponsored by the task force is making its fourth consecutive trip to Washington, D.C. and represents a broad coalition of business people, homeowners, labor groups and governmental entities all of whom are vitally interested with the early completion of C-470.

Action requested:

The Colorado 470 Delegation requests that Congress fund Colorado Interstate Transfer projects to the $40 million level in Fiscal Year 1986 and to $38.6 million in Fiscal Year 1987.

Thank you Chairman Andrews and members of the subcommittee. I am Jim Allred and I serve as chairman of the Colorado 470 Inter-Chamber Task Force representing thousands of businesses in the Denver metropolitan area. This is the fourth year that the task force has sponsored the C-470 Washington, D.C. Delegation which represents business people, homeowners, labor, and governmental entities in the south and west Denver metropolitan region, all of whom are vitally concerned with the early completion of the Colorado 470 (or C-470) project.

When completed, the C-470 project will be a 26-mile-long, four-lane parkway located in the southwest Denver metropolitan area. The $236-million parkway will connect I-25 on the Denver metropolitan area's south side with I-70 on its west side.

We are here to thank you for your generous help in Fiscal Year 1985 and to report that the funds appropriated for the project have been put to good use. So much so that the task force and the Colorado Department of Highways jointly sponsored a recent press conference to announce that Phase I of the three-phased project will open to traffic this coming December. In addition to my testimony, I have distributed a copy of a booklet entitled C-470: A Progress Report which I also submit for the records. On pages 10 and 11 of this booklet you will note two examples of the many articles written about this announcement.

We view this as a very exciting development since roughly twelve miles of the 26-mile-long parkway will be open for use by the public late this year. This is proof that the monies appropriated by Congress are being put to good use and producing results.

For that we thank you! Without your support, these tangible results could not have happened.

However, our needs continue. Growth pressures continue along the C-470 corridor. Two examples illustrate this point:

- County Line Road, which presently handles much of the east-west traffic, experienced a 13.5% increase in traffic during the period of 1982 to 1984.
- Highlands Ranch, a major new development in this corridor, has grown from zero population in 1981 to nearly 3,000 residents today. Eventually, more than 90,000 residents will reside in this one development alone. In addition, more than 1,200 acres of land will be developed for commercial and industrial uses in this same development.

These are but two examples of the rapid growth that the C-470 corridor is experiencing.

Maintaining a reasonable and consistent level of funding continues to be the major issue facing C-470. Our desire is to finish the project as quickly as we can. The larger the funding amount that Colorado receives, the faster the project can be completed and opened.

The reasons for this remain the same as in previous years:

1. The need for the C-470 parkway is even more pressing as evidenced by the growth in the southern Denver metropolitan area and the large traffic increases both real and projected.
2. As opposed to most other Interstate Transfer projects which are beginning their concept and design phases, C-470 is under design and a large portion of the project is actually ready for construction. In other words, monies appropriated for the project can be spent for construction. Ultimately, these monies are funneled back into business which strengthen the overall local economy and reduces the unemployment rate.
3. Since the project is under construction, maintaining an adequate and reasonable level of funding makes economic sense. Congress and the U. S. Department of Transportation can get "more bang for their buck" by maintaining an adequate and reasonable level of funding. Inflation continues to be a problem for not only C-470 but for all transportation projects. The difference is that C-470 can be built now.
4. Maintaining an adequate and reasonable level of funding also enables the Colorado Department of Highways to plan more accurately for manpower needs and to better meet construction schedules, thus helping the department to make more efficient use of funds.
5. The Colorado Department of Highways has demonstrated a willingness to make State funds available to match any federal funding allocation.

The Colorado 470 Delegation again strongly urges Congress and the Administration to increase funding for the C-470 project. Specifically, we request $40 million in Fiscal Year 1986 and $38.6 million in Fiscal Year 1987. If Colorado receives a total of $78.6 million for these two fiscal years, the federal Interstate Transfer amount as set by Congress in 1982 will have been met. It should be noted that another $40 million will still be needed to complete C-470 and related Interstate Transfer projects. ($30.1 million is the projected C-470 shortfall). This shortfall is a result of project costs inflating beyond the 1982 cap as set by Congress. The longer that projects are delayed, the higher the costs to finish them.

On behalf of the Colorado 470 Delegation representing a broad coalition of interest groups throughout the Denver metropolitan area and the State of Colorado, all of whom strongly support the project, we thank you for your solid support in the past and urge you to increase the funding level in Fiscal Year 1986 and beyond to expedite its completion.

Thank you Chairman Andrews and members of the subcommittee.

CONCLUSION OF HEARINGS

Senator ANDREWS. That concludes the hearings. The subcommittee will stand in recess subject to the call of the Chair.

[Whereupon, at 12:17 p.m., Wednesday, May 1, the hearings were concluded and the subcommittee was recessed to reconvene at the call of the Chair.]

MATERIAL SUBMITTED SUBSEQUENT TO THE HEARING

[CLERK'S NOTE.—Subsequent to the hearing, the following statements and letters were all submitted for the record:]

STATEMENT OF HON. SLADE GORTON, U.S. SENATOR FROM WASHINGTON

I appreciate this opportunity to speak to the issue of mass transit before the Senate Transportation Appropriations Subcommittee. Not surprisingly, I want to call my colleagues' attention to, and reiterate my very strong support for, a new start project which was earmarked for funding in last year's appropriations bill.

The project to which I refer - the downtown Seattle bus tunnel - is especially meritorious and worthy of this Committee's support for several reasons.

First, the Seattle bus tunnel proposal is highly cost effective. Based on estimates of new riders and travel time reductions which would occur given this project, and on the costs of the tunnel, the Department of Transportation gave this project the highest cost-effectiveness rating of all new start projects which it rated last May.

The Seattle bus tunnel also has the strong support of the local population. This support was expressed in resolutions of support unanimously adopted by the local City and Metro Councils. But even more tangibly, the support is expressed by the local community's willingness to overmatch the federal contribution. That is, Seattle is willing to contribute 50% of the project's costs, rather than only the 25% conventionally required. And I would further note that the dedication of local sales tax revenues to transit purposes is a guarantee that this promise will be kept.

This project has been ranked by the Department of Transportation as the highest rated transit project in the country not once but twice. The first time was last May, when the Department first released its new start criteria, and called this project the most cost-effective in the country. The second time was just last month, when the Department released an assessment of financial ranking, prepared by the financial investment firm of James Lowrey and Company Inc. The Lowrey report indicated that the Seattle bus tunnel project was the only project to win the top ranking in all three financial assessment categories: capital overmatch, financing plan, and stability and reliability of the operating revenue. I quote from pages K-5 and 6 of that report:

> Seattle Metro is proposing a local capital match of almost 60 percent for construction of the Downtown Seattle Transit Project. This is the highest percentage overmatch among the Congressionally earmarked projects, and well above the Congressional guideline of 50 percent. Furthermore, the Plan of Financing to achieve this goal is well reasoned, built on conservative financial assumptions, and within the economic capacity of the Agency. The plan is also flexible and has the strength to withstand potential cost overruns.
> The Metro Council continues to exercise control over a completely dedicated revenue base which has more than met the need for operations. The council also raised fares for 1985 to regain a balance between the farebox and the tax subsidies. Seattle Metro has one of the

strongest transit-revenue bases of the systems examined in this report, and no doubt one of the strongest in the Country.

I am convinced that this project deserves the strongest support of this Committee. By electing to build a bus system oriented major project, rather than a rail system, Seattle has demonstrated its creativity and commitment to funding the most cost effective solution to its transit problems. Its local financial contribution backs up this commitment with hard cash.

I urge my colleagues to continue their support for the Seattle bus tunnel project.

Statement of Hon. J. James Exon, U.S. Senator From Nebraska

MR. CHAIRMAN, I APPRECIATE THE OPPORTUNITY TO ONCE AGAIN TESTIFY ON BEHALF OF A VERY IMPORTANT RAILROAD SAFETY PROJECT IN LINCOLN, NEBRASKA. BEFORE I DISCUSS THE PROJECTS FUNDING NEEDS FOR THIS YEAR, I WANT TO COMMEND YOU AND THE SUBCOMMITTEE FOR YOUR PAST EFFORTS AND ASSISTANCE IN ALLEVIATING UNSAFE RAILROAD-HIGHWAY CROSSINGS NOT ONLY IN LINCOLN, BUT IN OTHER CITIES ELIGIBLE FOR SECTION 163 RAILROAD-HIGHWAY CROSSING DEMONSTRATION GRANTS.

UNFORTUNATELY, LAST YEAR WHEN THE TRANSPORTATION APPROPRIATIONS COMPROMISE EMERGED FROM CONFERENCE FOR ATTACHMENT TO THE CONTINUING RESOLUTION, YOUR WORK WAS NOT COMPLETELY HEEDED. AS YOU RECALL, THIS SUBCOMMITTEE'S BILL HAD EARMARKED $4.2 MILLION FOR ELIMINATION OF A HAZARDOUS GRADE CROSSING CONFLICT IN LINCOLN, THE "K" AND "L" STREETS EXTENSION. THE CITY'S PROJECT EMERGED FROM CONFERENCE WITH $1.8 MILLION, $2.4 MILLION SHORT OF YOUR ORIGINAL EARMARK.

THIS FIGURE WAS A SURPRISE BECAUSE LAST YEAR'S HOUSE BILL HAD EARMARKED $8.7 MILLION FOR LINCOLN, ALSO FAR MORE THAN WHAT ACTUALLY CAME OUT OF CONFERENCE. THUS, I RESPECTFULLY REQUEST THAT THE COMMITTEE EARMARK THE REMAINING $6.9 MILLION SINCE THE SUBCOMMITTEE HAD PREVIOUSLY SUPPORTED AND AGREED WITH THE MERITS OF THE PROJECT.

BRIEFLY, LET ME OUTLINE SOME OF THE HISTORY OF LINCOLN'S PARTICIPATION IN THIS PROGRAM WHICH SHOULD INDICATE WHY I AM SO COMMITTED TO THIS PROJECT.

CONGRESS INITIATED THE RAILROAD-HIGHWAY CROSSINGS DEMONSTRATION PROGRAM IN 1973 IN RECOGNITION OF THE SERIOUS SAFETY PROBLEM IN CITIES CAUSED BY RAIL/STREET CONFLICTS THROUGHOUT THE COUNTRY. TWELVE CITIES WERE CHOSEN, WITH SIX

ADDED LATER, TO DEMONSTRATE VARIOUS TECHNIQUES WHICH COULD BE USED TO MITIGATE UNSAFE CONDITIONS SURROUNDING RAIL AND STREET TRAFFIC CAUSED BY THE HAPHAZARD, UNPLANNED GROWTH OF CITIES.

AFTER EIGHT YEARS OF NEGOTIATIONS AND PUBLIC HEARINGS CAUSED BY THE REQUIREMENTS THAT THE PLAN HAD TO TAKE INTO CONSIDERATION ALL FACTORS, LINCOLN ADOPTED AN ACCEPTABLE ENVIRONMENTAL IMPACT STATEMENT IN MID-1981. AFTER ALL OF THIS TIME, EFFORT, AND EXPENDITURE, IT WOULD SEEM UNJUST TO ABANDON THESE PROJECTS AT THIS TIME. A SUBSTANTIAL DOWN PAYMENT HAS BEEN MADE.

LINCOLN'S PROGRAM, AS FINALLY DEFINED, INVOLVES THE CONSTRUCTION OF FOUR SEPARATIONS SPANNING TRACKS INCREASINGLY USED BY COAL TRAINS AND OTHER HEAVY FREIGHT CARRIERS. THESE TRACKS ARE PROJECTED TO ALMOST TRIPLE IN TRAFFIC IN THE NEXT TWENTY YEARS. SUBSTANTIAL PROGRESS HAS BEEN MADE ON TWO OF THE FOUR STRUCTURES, THANKS IN LARGE PART TO THE SUPPORT OF THIS SUBCOMMITTEE. THE PARTIALLY FUNDED "K" AND "L" STREETS VIADUCT IS THE THIRD STRUCTURE IN THE PLAN. I WILL QUICKLY DESCRIBE THE SPECIFICS OF THIS THIRD VIADUCT STRUCTURE.

THE "K" AND "L" STREET SEGMENT IS CRUCIAL TO THE DEVELOPMENT OF THE SOUTHWEST PORTION OF LINCOLN. PRESENTLY, SOUTHWEST LINCOLN IS ISOLATED FROM THE CENTRAL BUSINESS DISTRICT AND OTHER AREAS OF THE CITY BY TRACKS WHICH SERVE THE HIGH VOLUME TRAFFIC OF THE BURLINGTON-NORTHERN COAL TRAINS AND OTHER HEAVY FREIGHT CARRIERS. AT PRESENT, STREET TRAVELERS MUST CROSS OVER FIVE SETS OF TRACKS, WHICH CARRY AN ESTIMATED 36 TRAINS PER DAY, MOST OF WHICH ARE TRAVELING AT SPEEDS OF FIVE TO TEN MILES PER HOUR AND AVERAGE 100 CARS IN LENGTH.

THE LACK OF CONVENIENT AND SAFE ACCESS TO THIS SECTOR OF THE CITY HAS SEVERELY HINDERED ITS ECONOMIC DEVELOPMENT. IT ALSO HAS POSED A SERIOUS PROBLEM FOR EMERGENCY POLICE AND FIRE VEHICLES

WHICH NEED TO TRAVERSE THE TRACKS TO GET TO THE RESIDENTS IN THE AREA. THE POLICE DEPARTMENT ESTIMATES THAT AT LEAST ONE POLICE VEHICLE PER DAY ON AN EMERGENCY CALL IS DELAYED BY A TRAIN BLOCKAGE. THE FIRE DEPARTMENT, WITH A ONE-TRUCK STATION WITHIN THE BOUNDARIES OF THE SOUTHWEST SECTION, EXPERIENCES MAJOR TRAIN-CREATED DELAYS ONE TO TWO TIMES PER MONTH. AMBULANCE SERVICES PERSONNEL QUOTED AN AVERAGE OF FIVE CALLS PER WEEK WHICH ARE HELD UP BY TRAIN CROSSINGS.

THE CITY OF LINCOLN AND ITS RAILROAD TRANSPORTATION SAFETY DISTRICT BOARD, AS IN THE PAST, HAVE NOT RELIED TOTALLY ON FEDERAL FUNDS. THEY RECOGNIZE THE CRITICAL NATURE OF THIS PROBLEM AND HAVE ATTEMPTED TO CONTINUE ACTIVITY ON THE "K" AND "L" STREETS CONNECTION DESPITE THE FUNDING SETBACK OF LAST YEAR. THE CITY AND BOARD HAVE CONTRIBUTED LOCAL FUNDS FOR THE PRELIMINARY AND FINAL DESIGN OF THE VIADUCT. THE $1.8 MILLION EARMARKED IN THE FY 1985 APPROPRIATIONS BILL WILL ENABLE LINCOLN TO MOVE AHEAD WITH THE RIGHT-OF-WAY ACQUISITION. IN ORDER TO PROGRESS FURTHER, THOUGH, THE $6.9 MILLION MUST BE ADDED FOR CONSTRUCTION ENGINEERING, UTILITY RELOCATION AND CONSTRUCTION.

TO COMPOUND THE PROBLEM, AS A RESULT OF THE DELAY IN ADEQUATE FUNDING, THE "K" AND "L" STREETS PROJECT HAS RISEN IN COST, FROM $8.7 MILLION TO $11 MILLION. HOWEVER, THE RAILROAD TRANSPORTATION SAFETY DISTRICT WILL PROVIDE THE REMAINING $2.3 MILLION IN LOCAL FUNDS NECESSARY TO COMPLETE THE PROJECT. IF THE APPROPRIATIONS BILL DOES NOT PROVIDE THE NECESSARY FUNDS, THIS PROJECT CANNOT MOVE FORWARD MOST LIKELY UNTIL 1992 BECAUSE LOCAL RESOURCES HAVE ALREADY BEEN TAPPED.

THUS FAR, 61 PERCENT OF THE TOTAL DEMONSTRATION PROJECT COSTS HAVE BEEN LOCALLY FUNDED, THE REMAINING 39 PERCENT OF THE COSTS HAVE BEEN FUNDED WITH FEDERAL DEMONSTRATION FUNDS; I.E. OF

THE TOTAL $26.4 MILLION OBLIGATED OR EXPENDED ON THESE SEGMENTS, $10.4 MILLION ARE FEDERAL DEMONSTRATION FUNDS WHILE OVER $16 MILLION ARE FROM LOCAL FUNDING SOURCES. I BELIEVE THIS HAS BEEN AN EXCELLENT PARTNERSHIP WHICH SHOULD BE CONTINUED.

FINALLY, I AM PLEASED TO REPORT THAT THERE IS AN END TO LINCOLN'S REQUIREMENTS IN SIGHT. THE FOURTH AND LAST SEGMENT IN LINCOLN'S RAILROAD-HIGHWAY CROSSINGS DEMONSTRATION PLAN IS KNOWN AS THE VAN DORN STREET VIADUCT. THIS VIADUCT, AT A COST OF $3.8 MILLION, WOULD ELIMINATE TWO GRADE CROSSINGS THAT CARRY THE SAME VOLUME OF TRAIN TRAFFIC AS THE "K" AND "L" STREETS EXTENSION. APPROXIMATELY, 8,500 VEHICLES CROSS THESE TRACKS PER DAY, WITH 20 YEARS PROJECTIONS ESTIMATING 24,400 VEHICLES DUE TO THE COMPLETION OF US 77 BYPASS.

I RECOGNIZE THE DIFFICULT DECISIONS YOU ARE FACED WITH THIS YEAR AND REQUEST AT LEAST THE $6.9 MILLION TO COMPLETE THE "K" AND "L" STREET EXTENSION, THE THIRD PHASE OF OUR FOUR-PHASE DEMONSTRATION PROJECT. TIME IS RUNNING SHORT. THE REAUTHORIZATION OF THE PROGRAM RUNS THROUGH FY 1986.

ONCE AGAIN, THE VIADUCT IS A PROJECT WHICH WOULD EASE A CONSTANTLY GROWING TRANSPORTATION BOTTLENECK. IN ADDITION, THE PROJECT WOULD ELIMINATE GRAVE SAFETY PROBLEMS AND ENHANCE THE DEVELOPMENT EFFORTS OF AN ENTIRE SECTION OF LINCOLN. YOUR CONTINUED CONSIDERATION AND SUPPORT WOULD BE GREATLY APPRECIATED BY THE CITIZENS OF LINCOLN AS WELL AS MYSELF.

THANK YOU.

LETTER FROM JOHN B. TURNER, JR., MEMBER, HARRIS COUNTY METROPOLITAN TRANSIT AUTHORITY

April 29, 1985

Senator Mark O. Hatfield
Chairman, Committee on Appropriations
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

I am writing to encourage you to give positive consideration to proposals which will eliminate Federal operating subsidies to local transit systems. It is my personal belief that subsidizing the operations of local transit systems simply is not an appropriate role for the Federal Government.

As a member of the Board of the Harris County Metropolitan Transit Authority, I am pleased that Houston is an exception in utilizing Federal assistance only for capital expenditures. As a concerned taxpayer, I urge you to change Federal funding policies so that this becomes the rule rather than the exception.

Thank you for your consideration.

Sincerely,

John Turner

STATEMENT OF GARY L. BROSCH, DIRECTOR, JOINT CENTER FOR URBAN MOBILITY RESEARCH

Mr. Chairman and distinguished members of the Committee, it is an honor to appear before you today to discuss the exciting positive changes occuring in the transit industry as we meet the challenge of reducing the federal deficit. The Joint Center for Urban Mobility Research of Rice Center has found that many states, local governments and transit systems around the country are finding successful alternatives or supplements to federal funding for mass transportation. In addition, the private sector is beginning once again to play a major role in the provision of public transportation.

My purpose here today is to make you aware of several alternatives with tremendous potential for eliminating the reported negative impact of reducing federal operating assistance to transit. This potential rests with four primary groups: state governments, local governments, the private sector, transit systems.

Many state governments are enjoying budget surpluses, increasing general fund expenditures, and reducing state taxes. Do state governments have the fiscal capacity to absorb reductions in federal funds? In my judgement, the answer is yes. If federal operating assistance were to be replaced entirely by state general funds, state general fund expenditures would increase by less than three percent in every state. In fact, in forty-seven states, general fund expenditures would increase by less than one percent. In fiscal year 1983-84, total state general fund expenditures for all purposes increased by 9.8 percent and in fiscal year 1984-85 by 10.5 percent.

In an era of fiscal restraints, is it reasonable to expect states to increase expenditures even as little as one to three percent? Government at any level can support only those programs which its constituency feels appropriate. States have increased funding to other programs at levels which could easily accommodate the reduction in federal operating assistance ... if transit is of sufficient importance.

Are state governments willing to provide operating subsidies to local transit systems? A survey by the National Association of State Budget Officers found that all but eleven states provide some form of operating subsidies. Thirteen states provide operating subsidies in amounts greater than their federal subsidies. A recent study by the National Council of State Governments has found that "Historically, financial support of transit projects has not been great. However, there is a definite trend towards both direct and indirect state assistance."

The second area of potential for reducing the impacts of a reduction in federal operating assistance rests with local governments. With the assistance of state authorizing legislation, many local governments are turning to a wide array of taxing mechanisms to support transit. But will local votors approve tax increases to support local transit? Again, in many cases the answer is yes. Local referenda for dedicated sales taxes have passed in such areas as: Madison County, Illinois; New Orleans, Louisiana; Columbia and St. Louis, Missouri; Reno, Nevada; Spokane, Washington; Fort Worth, Austin, Dallas and Houston, Texas; Pitkin County, Colorado and Monroe, Michigan.

Other local revenue sources are being used as well. These include a wide range of sources such as payroll tax, alcoholic beverage tax, and property tax.

> Birmingham, Alabama is collecting beer tax revenues for transit operating expenses, earmarking one-third of one percent and providing an annual revenue source of $2 million.
>
> Portland, Oregon utilizes a 0.6% payroll tax (paid by the employers) to cover operating expenses for the Tri-County Metropolitan Transportation District. This tax generated $37 million in 1981 covering 55% of the system's operating expenses. This approach considers transit to be a benefit to employers.
>
> In Michigan, increases in property tax are being used to pay for transit operations. In late 1984, eight counties passed local referenda and 36 of 60 transit systems in Michigan are supported by such a tax.

Once again, similar to state governments, those communities who really want transit have been willing to tax themselves to support local public transportation.

Third, the private sector offers great potential and is now demonstrating what is referred to as enlightened self-interest in contributing to funding and provision of transit service. This is being done directly in such examples as the privately funded people mover on Harbor Island in Tampa, Florida and the proposed privately funded people mover in Las Vegas, Nevada; and indirectly in such examples as benefit assessment districts in Miami, Florida and Seattle, Washington. Private businesses all over America, from corporate conglomerates to "mom and pop" small businesses, have examined their sales forecasts, operating expenses, balance sheets and profit and loss statements and have determined that their individual and collective support of improved transportation systems could make the difference between black and red ink.

Examples are numerous and growing every day.

In Houston, a major private vanpooling company contracts with corporations, developers, neighborhood associations, and others to provide commuter transportation with no public subsidy. Many employers contribute all or part of the cost of this operation.

Private business are also directly subsidizing discount pass programs:

- Seattle, Washington; Hartford and Bridgeport, Connecticut; and Cedar Rapids are four examples of such programs contributing substantially to ridership increases and in terms of dollar commitments. (Ridership increases of 34% in Seattle, $800,000 in Hartford, $16,000 per employer in Bridgeport, $670,000 merchant subsidy in Cedar Rapids).
- In Fort Worth, Texas a local civic organization provided marketing funds for trolley service threatened with funding cuts.
- Burger King and the transit system in Springfield, Massachusetts conducted a joint promotion which increased ridership 40% in the first month.

It is important to note that the private sector is involved in both capital and operating programs and is involved in transactions which are both large ($27 million toward a people mover) and small (subsidy of operating special bus service).

In addition to providing funding for transit, the private sector also offers the key to the fourth opportunity for transit systems to overcome the loss of federal operating assistance. Not nearly enough has been said about the tremendous opportunity for cutting cost and improving service with such techniques as private sector service contracting, employer sponsored programs, and private commuter organizations. Recent studies have shown tremendous cost savings (subsidy reductions) from contracting on a competitive basis with the private sector to provide transit service. There are now numerous succesful examples encompassing a wide range of transit service including specialized paratransit, commuter express and local fixed route service.

In conclusion Mr. Chairman it is my belief that there are numerous opportunies for overcoming the potential negative impacts of reductions in federal operating assistance using techniques more innovative than simply raising fares or cutting service. Many state governments do have the fiscal capacity to replace reductions in federal operating assistance if they determine it of sufficient priority. Local governments have shown tremendous innovation and willingness to fund transit systems with new taxes when it has been determined that transit is of sufficient importance to their community. Similarly where transit has shown itself to be an effective system of transportation, the private sector has demonstrated a willingness to fund, support or provide direct assistance to mass transportation. And finally it has been demonstrated that service improvements through utilization of the private sector can offer tremendous opportunities for reducing operating costs of transit systems while maintaining or even improving service to the public. Mr. Chairman I believe that the innovations demonstrated in the last few years around the country show that the future of transit is not dismal but is indeed challenging and exciting with the promise of long overdue positive change. Thank you for your time and consideration.

Letter From Norman R. Sherlock, President and Chief Executive Officer, American Bus Association

Honorable Mark Andrews, Chairman
Subcommittee on Transportation
Committee on Appropriations
United States Senate
Washington, D.C. 20510 May 1, 1985

Dear Mr. Chairman:

On behalf of the American Bus Association, I appreciate the opportunity to submit a statement for the hearing record relative to the 1986 Urban Mass Transportation Administration budget. ABA, the national trade association of the private intercity bus industry represents 3,500 members, including some 950 bus companies, who provide a myriad of bus transportation services.

Public transit is an essential public service. At this time of fiscal constraints, the private bus industry stands ready to assist in providing this service. Deregulation of our industry has resulted in substantial new investment, and this new capacity can be effectively utilized in the provision of public transportation.

No matter what funding level is adopted for UMTA fiscal year 1986, new and more cost effective solutions are needed to maintain mass transit service. ABA's members are already operating some transit services in various parts of the country under contract to public transit agencies, county and state governments, and citizens groups. Without exception, these contracts have resulted in substantial public subsidy savings by reducing the costs of routes which would otherwise incur heavy operating deficits.

ABA has established a program to foster improved communication between public transit agencies and private operators. These efforts will make private bus operators more aware of public service opportunities, while significantly expanding the range of options available to public transit in these difficult times.

The private bus industry has both the capacity and the willingness to provide public transportation service. The time has come for public/private cooperation of new dimensions.

With kindest regards,

Norman Sherlock

Norman R. Sherlock

STATEMENT OF MAYOR JAMES F. RIEHLE, LAFAYETTE, IN

SUMMARY

The Lafayette, Indiana, Railroad Relocation Demonstration Project was authorized in amended Section 163 of the Federal Aid Highway Act of 1973 and reauthorized in the Surface Transportation Assistance Act of 1982 at annual levels of $50 million. All design work has been completed. Construction activities began in January on the first segment. The City requests that funds for construction of a second segment be made available to the Lafayette Project and presents (in current dollars) these FY'86 alternatives:

	Federal Share (in millions)
1. **Ninth St. Rail Overpass** (Could be *2)	**$17.1**
2. **South St./Columbia St. Bridge** (Could be *1)	**$11.1**
3. Relocate Seaboard System (Costs in addition to *1 & *2)	$26.3
4. Complete Project through N&W Relocation (Costs in addition to *1, *2 & *3)	$20.3

I want to thank the Subcommittee for receiving my testimony and Senators Lugar and Qualye for transmitting these remarks on behalf of the City of Lafayette. I would like to address the question of appropriations for the Railroad Relocation Demonstration Cities Program which was authorized in Section 163 of the Federal-Aid Highway Act of 1973 and reauthorized in the Surface Transportation Assistance Act of 1982 at an annual level of $50 million. Specifically, the City of Lafayette requests that funds for construction of a second segment of the Lafayette Railroad Relocation Project be appropriated for Fiscal Year 1986.

I have appeared before this Subcommittee in past years. So you know of the tremendous traffic tie-ups in Lafayette, Indiana, that occur at 42 grade crossings when 30 to 40 trains per day go through the City. You know of the impediment to interstate rail movement this creates. (See map in accompanying "Construction Plans & Proposed Phasing.") You know of the 15 years of intense community effort that have gone into the Lafayette Railroad Relocation Project; of our award winning design; of the near unanimous community support. (See Attachments I & II.) And you know that over $15 million have already been invested. The confidence in the project expressed by the appropriation decisions made in past years is very much appreciated.

A number of important steps have been taken since last May that I am pleased to be able to share with you:

1. The Indiana General Assembly recently passed legislation to facilitate state financial participation in future project segments. (See Attachment III.) This measure would allow a corresponding reduction in the federal share.
2. Both the Norfolk & Western and Seaboard System railroads have agreed to donate land to the project thus reducing project costs. (See Attachment III.)
3. Final construction drawings are complete for the entire project.
4. And finally, thanks to your fine cooperation, construction activities have begun on the first segment of the Lafayette Railroad Relocation Project.

On the cover page of this testimony, four funding alternatives have been summarized. There would be significant cost efficiencies and scheduling advantages to moving ahead with the total project (#1-4) or through the Seaboard relocation (#1-3). Because the Ninth Street Rail Overpass (#1), at $17.1 million, offers significant transportation benefits to the community as an independently useful segment, we have listed it as our first priority. The South St./Columbia St. Bridge (#2), at $11.1 million, can be build independent of other project segments and could be done next (before the Ninth St. segment) if funding levels favored this approach.

Because of the critical safety, transportation and economic revitalization needs; because of the undisputed quality of the design; and because of strong railroad, state and public support; I request that you appropriate funds for construction of a second segment of the Lafayette Railroad Relocation Project in Fiscal Year 1986.

Thank you again for the opportunity to submit testimony to the Subcommittee.

[CLERK'S NOTE.—The map and Construction Plans & Proposed Phasing could not be printed here, but they are available for review in the subcommittee files.]

ATTACHMENT I

LETTER FROM ROBERT M. WHITSEL, PRESIDENT, BOARD OF DIRECTORS, GREATER LAFAYETTE CHAMBER OF COMMERCE

April 25, 1985

Senator Mark Andrews, Chairman
Senate Transportation Appropriations
Subcommittee
156 Senate Dirksen Building
Washington, D.C. 20510

Dear Senator Andrews:

On behalf of the Board of Directors and membership of the Greater Lafayette Chamber of Commerce, I am writing to seek your support to provide construction funds for the next segment of the Lafayette Railroad Relocation project for fiscal year 1986.

The Chamber has actively worked for this project since 1970. Chamber support reflects a widespread community support for the relocation of these major rail lines. Community political leaders of both parties have consistently cooperated in implementing this project. The same bi-partisan enthusiasm was evidenced at the state level this year when the Indiana General Assembly passed legislation facilitating state financial participation on the project.

Over a 15 year period, a great deal of community effort and over $15 million have moved this project from the idea state into the start-up of construction activities last January.

Your help is urgently needed to get the second phase of this project underway in 1986. Thank you for your support.

Cordially yours,

Robert M. Whitsel
President
Board of Directors

ATTACHMENT II

LETTER FROM LONNIE D. ALLEE, PRESIDENT, AND KENNETH A. RUNKLE, VICE PRESIDENT, LAFAYETTE RAILROAD RELOCATION PROJECT

April 24, 1985

Senator Mark Andrews, Chairman
Senate Appropriations Subcommittee
Transportation
156 Senate Dirksen Building
Washington, D.C. 20510

Dear Senator Andrews:

We want to thank you for your vote of confidence you and your subcommittee gave last year to the Lafayette Railroad Relocation Project. Construction activities began last January on the first segment. We would like to request that your committee make 1986 funding available so that progress may continue on this fine project.

As you know, the major east-west flow of vehicles through out the city is brought to a complete stop at 42 different locations many times a day by the north-south flow of interstate rail commerce on the Norfolk Southern and Seaboard rail lines. The Lafayette Railroad Relocation Project will insure the efficiency of these national rail networks as well as the efficiency of regional vehicular transportation systems. Both are crucial to the development of long term economic opportunities in our area. We would also welcome the opportunities for economic growth that would open up both along the abandoned rail corridor and along the proposed new rail corridor.

The city has done an excellent job of developing a plan that has the support of all elements in the community and we encourage you to appropriate funds for construction of the second phase of this award-winning and much needed project.

Sincerely,

Lonnie D. Allee

Lonnie D. Allee
President

Kenneth A. Runkle
Vice President

ATTACHMENT III

N&W DONATES 5.5 ACRES FOR RAIL RELOCATION

[From the Journal and Courier, Apr. 12, 1985]

By Chaz Osburn

Journal and Courier

A Norfolk and Western Railway Co. official said Thursday his company is donating 5.5 acres for the first phase of the city's railroad relocation project.

"It has not been easy, as all of you certainly know, to get to this point, and there is no reason to believe it will be easy to get the rest of the way," C.M. Irvin, a Norfolk and Western vice president, said. "But I like to think that the Norfolk and Western's donation of this land is a big step forward."

Mayor James Riehle agreed, calling the development a major and significant step, before rushing away to join railroad officials and others at a celebration at the Lafayette Country Club.

The donation will mean a reduction in the $7 million cost of the first-phase Wabash Avenue underpass portion of the project. It is the second land donation by a railroad company. This past December, Seaboard System Railroad donated 1.5 acres for the first phase.

Construction of the first phase will begin by this fall, Riehle said.

SEABOARD RAILROAD DONATES LAND FOR SAFETY PROJECT; TRAIN UNDERPASS SYSTEM MAY REDUCE TRAFFIC DILEMMA

[From the Purdue Exponent, Dec. 5, 1984]

By KATHY FOX
Staff Writer

Lafayette Mayor James Riehle received a letter of intent from Seaboard Railroad to donate land to Railroad Relocation, Dan Fogerty, director of Railroad Relocation, said Tuesday.

Fogerty said Seaboard wants to donate 1.46 acres of land to the Railroad Relocation project.

Railroad Relocation is a series of proposed rail corridors which would carry train traffic on underpasses, thus reducing traffic problems in the greater Lafayette area.

The land will have to be appraised first before it can be accepted formally, he said.

"The land probably won't be appraised until mid-winter, so I expect it to be two or three months before the donation is accepted formally," Fogerty said.

The land will be used for the first construction phase of the project, and is located at the end of South Street near the Wabash River in Lafayette, he said.

"The first phase of construction involves a grade separation structure, which basically means that the street will be lowered slightly. Then the railroad track will be built above the street," he said.

Fogerty said he talked to people from Norfolk Railroad last month and that company expressed interest in donating land. "We're expecting to hear from them soon."

Liz Solberg, assistant project manager, said, "We do have a very difficult transportation pattern.

"With the railroads relocated there will be significant traffic and safety benefits. Presently there are 42 different places were pedestrians and drivers can be stopped.

"There are between 16 and 22 accidents a year. Some of them serious."

Between 30 and 40 trains a day run over three lines. Some of those lines go right through the cities. Two railroads own the lines, Norfolk & Western and Seaboard Railroad.

Solberg says, "There will be a big economic impact. When you think of money and time lost. It will open up growth on a long term basis. This is hindered by the present transportation corridor."

ORR SIGNS RAIL RELOCATION BILL

[From the Journal and Courier, Apr. 18, 1985

INDIANAPOLIS — Gov. Robert Orr this week signed legislation that could make Lafayette eligible for state aid to reroute railroad tracks that run through the city.

The bill, which was sponsored by state Reps. Stanley Jones, D-West Lafayette, and Shelia Klinker, D-Lafayette, allows the city to apply for grants from the state's Industrial Rail Service Loan Fund. Money for the fund comes from state sales taxes.

Mayor James Riehle said Wednesday that approval of the bill was a good example of how local and state governments can work together. "I'm very pleased," he said.

The governor's signature was expected. Last week Orr had a photo session that showed him signing the bill.

STATEMENT OF JOSEPH M. FLETCHER, EXECUTIVE DIRECTOR, METRO-DADE TRANSPORTATION ADMINISTRATION

GOOD AFTERNOON, MY NAME IS JOSEPH M. FLETCHER, I AM THE EXECUTIVE DIRECTOR FOR THE METRO-DADE TRANSPORTATION ADMINISTRATION (MDTA). I AM RESPONSIBLE FOR THE DAILY OPERATION OF THE BUS AND RAIL SYSTEMS INCLUDING THE CONSTRUCTION OF METROMOVER.

METRORAIL WAS DESIGNED AND BUILT FOR FUTURE AS WELL AS PRESENT GENERATIONS. WHILE THE SYSTEM'S FULL BENEFITS WILL NOT BE REALIZED FOR YEARS TO COME WE ARE CONVINCED THAT IT IS A BETTER ALTERNATIVE TO OUR TRANSPORTATION NEEDS THAN THE AUTOMOBILE.

METRORAIL AND METROMOVER WERE DESIGNED AS PART OF A UNIFIED SYSTEM WITH EACH FEEDING RIDERSHIP TO THE OTHER. THESE TRANSPORTATION SYSTEMS MAY BE THE SINGLE MOST IMPORTANT FACTOR TO ASSURE THE ECONOMIC VIABILITY OF DOWNTOWN MIAMI AT A TIME WHEN MANY DOWNTOWN AREAS THROUGHOUT THE COUNTRY FACE SERIOUS DECLINE.

MUCH HAS BEEN SAID ABOUT THE COST OF THE SYSTEM. COMPARING METRORAIL'S COST WITH THAT OF OTHER RAPID TRANSIT PROJECTS IN THE UNITED STATES METRORAIL'S CONSTRUCTION COST IS APPROXIMATELY $50-MILLION A MILE. IN COMPARISON, ATLANTA'S MARTA SYSTEM COST $88-MILLION DOLLARS A MILE AND BALTIMORE'S SYSTEM, WHICH OPENED SIX MONTHS BEFORE METRORAIL, COST $114-MILLION DOLLARS A MILE.

METRORAIL IS CURRENTLY PROVIDING SERVICE SEVEN DAYS A WEEK TO 15

STATIONS OVER 16 MILES OF TRACK. MONDAY THROUGH FRIDAY, SERVICE RUNS EVERY 12 MINUTES FROM 6 A.M. TO 7 P.M. FROM 7 P.M. UNTIL AFTER MIDNIGHT, TRAINS RUN EVERY HALF HOUR. ON WEEKENDS AND HOLIDAYS TRAIN SERVICE IS PROVIDED EVERY HALF HOUR FROM 6 A.M. UNTIL AFTER MIDNIGHT. ON MAY 19, SERVICE WILL BE EXTENDED TO THE REMAINING FIVE METRORAIL STATIONS, THUS PROVIDING SERVICE ON THE ENTIRE METRORAIL 20-STATION STAGE ONE SYSTEM.

ALL METRORAIL STATIONS SERVE LOW INCOME BLACK AREAS, DOWNTOWN JOB CENTERS, HISPANIC POPULATION AREAS, HIGH, MEDIUM AND LOW INCOME RESIDENTIAL NEIGHBORHOODS AND THE ENTIRE SPECTRUM OF DADE COUNTY.

WHEN SERVICE STARTS TO HIALEAH, A MAJOR JOB CENTER, METRORAIL WILL NEED TO INCREASE FREQUENCY TO ACCOMMODATE MORE RIDERS. IF THE FEDERAL SHARE OF FUNDS IS CUT, WE WILL NOT BE ABLE TO INCREASE SERVICE. INSTEAD, REDUCTION OF METRORAIL SERVICE HOURS MAY TAKE PLACE SINCE ADDITIONAL FUNDING IS REQUIRED TO MAINTAIN THE CURRENT LEVEL OF SERVICE.

IN ADDITION TO REDUCING METRORAIL SERVICE A REDUCTION OF MILES OF BUS SERVICE MAY BE NECESSARY. CURRENTLY, METROBUS PROVIDES 22.1 MILLION MILES OF SERVICE A YEAR TO 65 MILLION PASSENGERS A YEAR. THE $9.8 MILLION IN FEDERAL FUNDS WE HAVE BEEN RECEIVING FOR OPERATIONS REPRESENTS TWELVE PER CENT OF OUR BUS OPERATING COSTS.

A REDUCTION OF FEDERAL OPERATING SUBSIDY WILL DRAMATICALLY DECREASE BUS SERVICE REDUCING RIDERSHIP AND SEVERELY IMPACTING OUR ELDERLY, HANDICAPPED, MINORITY AND POOR POPULATIONS.

FOR EXAMPLE THE CITY OF MIAMI BEACH, ONE OF THE 24 MUNICIPALITIES WHERE MDTA PROVIDES SERVICE, HAS A HIGH CONCENTRATION OF ELDERLY RESIDENTS WHO DEPEND ON PUBLIC TRANSPORTATION TO GET TO HOSPITALS, SOCIAL SERVICE FACILITIES AND TO DO THEIR SHOPPING. MOST OF THESE RIDERS USE OUR BUS SYSTEM DURING THE MIDDLE OF THE DAY TO TAKE ADVANTAGE OF THE REDUCED FARES APPLICABLE DURING OFF-PEAK HOURS TO ELDERLY, HANDICAPPED AND STUDENT. IF THE PROPOSED BUDGET CUTS ARE REALIZED, IT WOULD FORCE US TO CONSIDER RAISING FARES OR ELIMINATING TRANSFERS, AFFECTING THESE GROUPS DIRECTLY.

DADE COUNTY DEPENDS HEAVILY ON TOURISM AND LIGHT INDUSTRY AS THE MAIN FORM OF EMPLOYMENT FOR THE AREA. FEDERAL BUDGET CUTS COULD FORCE REDUCTION OF BUS SERVICE TO SPECIAL EVENTS WHICH ATTRACT VISITORS SUCH AS THE MIAMI DOLPHINS AND UNIVERSITY OF MIAMI FOOTBALL GAMES, CARNAVAL MIAMI AND OTHER SPECIAL EVENTS. ADDITIONALLY, SPECIAL BUS ROUTES HAVE BEEN CREATED CONNECTING THE ORANGE BOWL STADIUM WITH METRORAIL WHEN EVENTS ARE HELD AT THE ORANGE BOWL. THESE SERVICES WOULD BE MOST LIKELY REDUCED OR ELIMINATED ALL TOGETHER.

REDUCING THE LEVEL OF METROBUS AND METRORAIL SERVICE, WOULD HAVE MANY DIFFERENT IMPACTS:

FIRST, THERE WOULD BE MAJOR INCREASES IN TRAFFIC CONGESTION, GASOLINE CONSUMPTION AND AIR POLLUTION. PEOPLE WOULD BE SPENDING MORE OF THEIR DISPOSABLE INCOME ON TRANSPORTATION FOR FUEL, PARKING FEES, INSURANCE AND OTHER DRIVING RELATED COSTS.

SECONDLY, DADE COUNTY WOULD ALSO LOSE $500,000 CURRENTLY SCHEDULED TO REPLACE SOME OF OUR SMALL BUSES. WE HAVE PURCHASED NO NEW BUSES SINCE 1980 AND OUR FLEET IS AGING RAPIDLY.

THIRDLY, WE HAVE ANTICIPATED A REDUCTION OF 50,000 TRIPS OR 12% OF TOTAL TRIPS IN 1984 BY ELDERLY AND HANDICAPPED WHO CANNOT USE TRANSIT, THEREBY MAKING THESE PEOPLE HOME BOUND AND INCREASING COMMUNITY SOCIAL SERVICE COSTS.

FOURTHLY, WE WOULD HAVE TO ABANDON OVER 50,000 ELDERLY AND HANDICAPPED PERSONS WHO ARE IN NEED OF SPECIAL TRANSPORTATION BUT WILL NOT GET SERVICE IN THE FUTURE. DADE COUNTY HANDICAPPED AND ELDERLY PERSONS MAKE UP 25 PER CENT OF THE POPULATION.

FUTURE IMPACTS WOULD ALSO BE SEVERE.

FIFTH, CONSTRUCTION OF A NORTHEAST METRORAIL CORRIDOR WOULD NOT TAKE PLACE. NO MORE CONSTRUCTION WOULD BE POSSIBLE TO EXTEND METRORAIL SERVICE TO THE MIAMI INTERNATIONAL AIRPORT, AND TO NORTHEAST DADE COUNTY AS ORIGINALLY PLANNED.

SIX, METROMOVER FUTURE EXTENSIONS WOULD HAVE TO BE CANCELLED OR DELAYED. THERE COULD NOT BE ANY EXPANSION TO THE OMNI AND BRICKELL AREA.

AND LASTLY, SOMETHING I HAVE ALREADY MENTIONED BEFORE, WE WOULD BE FORCED TO MAINTAIN OUR CURRENT FLEET SIZE OF 450 BUSES SINCE NO EXTRA MONEY WOULD BE AVAILABLE TO EXPAND AND MODERNIZE OUR BUS FLEET TO MEET THE CHALLENGES OF THE FUTURE.

OF COURSE, ALL THESE NEGATIVE IMPACTS HAVE A DIRECT EFFECT ON OUR PASSENGERS AND THOSE WHO WOULD LIKE TO BECOME RIDERS. WHAT WE HAVE HERE IS A DOWNWARD SPIRAL. FEWER DOLLARS MEAN LESS FREQUENT SERVICE, LESS PREVENTATIVE MAINTENANCE, MORE POORLY-MAINTAINED EQUIPMENT, RESULTING IN FEWER RIDERS, LESS REVENUE, WHICH IN TURN LEADS TO LESS SERVICE, FEWER RIDERS AND SO FORTH.

WE HAVE ALREADY "TRIMMED THE FAT" FROM OUR TRANSPORTATION SYSTEM...WE HAVE BEEN CONTRACTING FOR THE PAST THREE YEARS WHEN WE SHOULD HAVE BEEN EXPANDING. WE ARE NO LONGER CUTTING SERVICE THAT MIGHT BE DESIRABLE OR OPTIONAL...WE ARE NOW CUTTING ESSENTIAL SERVICES. WE ARE CUTTING BONE AND MUSCLE. WE ARE CURRENTLY OPERATING LIMITED SERVICE ON METRORAIL...12 MINUTE HEADWAYS DURING THE RUSH HOURS, THEN 30-MINUTE HEADWAYS AT NIGHTS AND WEEK-ENDS. INFREQUENT SERVICE DOES NOT INDUCE DRIVERS TO LEAVE THEIR CARS TO RIDE PUBLIC TRANSIT.

CONTINUING THE FEDERAL FUNDS FOR OPERATING SUPPORT IN OUR CASE WOULD ENABLE US TO "HOLD THE LINE" UNTIL WE CAN DETERMINE HOW THE COMPLETED

METRORAIL SYSTEM SUPPORTED BY A MODIFIED METROBUS SYSTEM WILL SERVE THE TOTAL COMMUNITY.

I BELIEVE THE COMPLETED 21-MILE, 20-STATION METRORAIL SYSTEM, SUPPORTED BY GOOD BUS SERVICE WILL PROVE ITSELF OVER THE NEXT FEW YEARS AND WILL ACHIEVE A DEGREE OF SUCCESS THAT MAY BE DIFFICULT TO FORESEE AT THIS TIME. I ASK YOU TO CONTINUE FEDERAL SUPPORT TO HELP BRING THIS ABOUT.

THANK YOU FOR ALLOWING ME TO SHARE MY OPINIONS WITH YOU.

STATEMENT OF RICHARD L. GREENUP, DIRECTOR, DIVISION OF PUBLIC TRANSPORTATION OPERATIONS, FLORIDA DEPARTMENT OF TRANSPORTATION

In late 1977 and early 1978, the State of Florida experienced a series of catastrophic train derailments in northwestern Florida which killed eight (8) citizens, injured 158, and required the evacuation of thousands in four different communities. Subsequently, the Florida Legislature in June of 1978, passed legislation requiring the Florida Department of Transportation to assume responsibility for railroad safety inspection in accordance with the provisions for state participation under the National Railroad Safety Act of 1970 as amended. The Department, in accordance with Florida Statutes, promulgated the federal minimum safety standards as state law, employed three (3) track and two (2) equipment inspectors, and became certified by the Federal Railroad Administration to conduct track and freight car equipment inspections.

Since October 1, 1978, the Department has performed track and freight car surveillance and inspections in the state. In 1984 inspection was expanded to include safety appliances and power brakes. Both equipment inspectors are presently being trained by the Federal Railroad Administration for locomotive inspection. A new inspector of operating practices was employed in December 1984 and is presently being trained by the F.R.A. A copy of the derailment statistics for Florida for the past seven years is attached. Note that derailments in Florida have declined from 157 in 1978 to 30 in 1984. Also, attached is a comparison of the decline in derailments in Florida as compared to the United States.

Florida takes exception to recent testimony presented to the Senate and House subcommittees that federal inspectors are more productive than state inspectors because they are better trained. Florida's employment requirements for railroad safety inspectors are stricter than those of the F.R.A. Florida has recruited experienced railroad supervisors, all of whom have been trained and schooled at the Federal Railroad Administration's training school in Oklahoma City. The results accomplished by these inspectors in Florida are a strong argument for continuation of railroad inspections by the states.

There are approximately 6,186 miles of track in Florida. In the 8 year period between 1970 when the Federal Railroad Safety Law was passed and October 1978 when the Department assumed inspection in Florida, the federal inspectors had not covered, even once, Florida's 6,186 miles of track. Since state inspection began, all main and branchline trackage are inspected annually. For example, in 1984 state inspectors inspected 5,885 miles of track and listed 1,615 defects which were corrected by the carrier. During this same year, Florida's state inspectors inspected 28,710 cars for freight car standards and 15,514 cars for safety appliance standards. A total of 6,007 defects were found which were then corrected by the carriers.

Florida's railroad inspectors are located throughout the state at district transportation offices; this reduces travel and per diem. Also, it is the state's policy for the inspectors to meet with the mayors, city councilmen, and city engineers to explain the program and counsel the public officials on particular railroad problems or concerns that they may have. State inspectors are much more responsive to the city and county officials than the federal inspectors ever were or could be. Under the federal inspection program there is one federal track inspector in Jacksonville whose inspection responsibilities include Florida, Georgia, and South Carolina.

The elimination of 50% funding to the states by the F.R.A., will undoubtedly cause many states to drop out of the program, and represents a contradiction of the administration's policy of giving responsibility for programs that effect the grass roots public to the states. Congress has given the total responsibility for railroad safety to the F.R.A. By utilizing the state's participation program, the F.R.A. is meeting this responsibility for one-half of the total cost. Why not continue to participate in this program which is working so effectively?

Public opinion in Florida strongly supports the concept that railroad inspections belong at the state level. The trains run through the countryside and adjacent to the citizens' homes and places of business.

Florida recognizes that minimum safety standards for railroads must be uniform nationwide and that the F.R.A. promulgate uniform standards. Florida's working relations with the F.R.A. have been excellent. It has experienced no major administrative or operational problems.

In summary, based on the results of Florida's railroad inspection program, we urge the continuation of this state participation program with the F.R.A. paying one-half the cost. The joint federal/state effort has proven more effective than the state or F.R.A. going it alone.

TRAIN ACCIDENT REDUCTION - FLORIDA VS. NATIONWIDE

CALENDAR YEAR	NATIONWIDE	% CHANGE	FLORIDA	% CHANGE
1977	10,362		274	
		+ 8.8		-42.7
1978	11,277		157	
		-13.6		-28.7
1979	9,740		112	
		-13.2		-25.9
1980	8,451		83	
		-31.6		-37.3
1981	5,781		52	
		-20.6		-28.8
1982	4,589		37	
		-14.9		-16.2
1983	3,906		31	
				- 3.2
1984	*		30	

* Not available as yet.

RAILROAD DERAILMENT STATISTIC
STATE OF FLORIDA
SEVEN YEAR PERIOD 1978 - 1984

RR	PERSONS EVACUATED	NO.	YARD	MAIN	CAUSE				COST					FATALITIES	INJURED
					TRACK	EQUIPMENT	OPERATIONS	MISC.	TRACK	EQUIPMENT	OPERATIONS	MISC.	TOTAL		
1978	400	157	110-70%	47-30%	78-50%	25-15%	46-30%	8-5%	1,245,948-28%	898,553-21%	1,048,417-24%	1,177,994-27%	4,370,912	8	140
1979	5050	112	73-65%	39-35%	52-46%	21-19%	25-22%	14-13%	907,658-12%	1,320,452-18%	1,129,535-15%	4,099,498-55%	7,457,143	1	7
1980	0	83	50-60%	33-40%	26-31%	12-15%	29-35%	16-19%	807,262-42%	176,701- 9%	236,646-12%	723,549-37%	1,994,158	0	4
1981	0	52	34-65%	18-35%	16-31%	12-23%	22-42%	2- 4%	528,263-24%	476,891-22%	493,096-23%	662,558-31%	2,160,808	0	1
1982	50	37	23-62%	14-38%	10-27%	6-16%	16-43%	5-14%	1,133,294-45%	307,984-12%	507,138-20%	581,225-23%	2,529,641	0	2
1983	200	31	16-52%	15-48%	16-52%	5-16%	7-23%	3- 9%	988,798-44%	145,391- 7%	86,302- 4%	1,004,288-45%	2,224,779	0	1
1984	0	30	14-47%	16-53%	7-23%	2-7%	18-60%	3-10%	725,351-26	1,010,349-36%	831,281-30	228,682-8%	2,795,663	0	0

The threshold for reporting each accident is damage equal to or exceeding the follow[illegible] 1978--$2,300; 1979 & 80--$2,900; 1981 & 82--$3,700; 1983& 84--$4,500

LETTER FROM HILMAR B. CHRISTIANSON, ASSISTANT COMMISSIONER, RAILROAD SAFETY AND HEALTH, STATE OF MARYLAND

May 1, 1985

Honorable Mark Andrews, Chairman
Subcommittee on Transportation
Committee on Appropriations
United States Senate
156 Dirksen Building
Washington, DC 20510

Dear Senator Andrews:

Maryland's Railroad Safety and Health Act five years ago assigned state rail safety enforcement to the Division of Labor and Industry. I'm chief of the Railroad Safety and Health Unit. Our purpose is to eliminate accident, death, injury, illness and damage in rail operations. Primarily we do this by enforcing Federal Railroad Administration safety standards. We've stabilized at five inspector positions, four of which are federally half-funded.

Each Maryland rail safety inspector is well-trained and federally certified. As a group they represent four safety disciplines: track, motive power, equipment and operating practices. The are competent, dedicated, professional and productive. Their salary scale is only 2/3 that of their federal counterparts.

Last year they inspected 6,000 track miles, 17,000 cars, 500 locomotives and 300 train crews. They confirmed correction of more than 4,000 defects, any of which might cause accident or injury. But once again the FRA proposes to cut off its share of Maryland funding.

Maryland, like the other 31 states participating in the federal rail safety program, enforces pre-emptive federal regulations. The regulations are good. FRA is responsive. They've corrected many of the early rules deficiencies. We agree that uniform rail safety standards are essential. But Maryland wants to be a partner not just a donor to the federal program.

Maryland has 1,000 route miles. It has some very heavy traffic routes, nearly 100 hazardous material loads daily, and more very-high-speed passenger train miles than any other state. Last year Maryland inspectors reported and got correction of 80% of all FRA safety defects found in its certified disciplines. Federal inspectors processed 20%. Results are good. FRA reportable train accidents in Maryland, which had dropped from 155 in 1976 to 96 in 1980 when the state program began, plunged to 30 last year. That's better than the national improvement.

FRA regulations don't blanket all areas of rail safety. Maryland, like most other states, enforces its own clearance laws, sanitation, walkway and personal safety rules with no federal funding. We monitor safety of bridges, rail-highway grade crossings and industry rail operations. All these are beyond FRA jurisdiction but clearly of national concern.

Last year FRA collected about $5 mil. in fines. Some of this is from serious defects processed by state inspectors. Although state citations enable FRA to collect, the states receive none of the penalty money. Defect citations by the Maryland unit amounted to nearly a third of the federal funds it received.

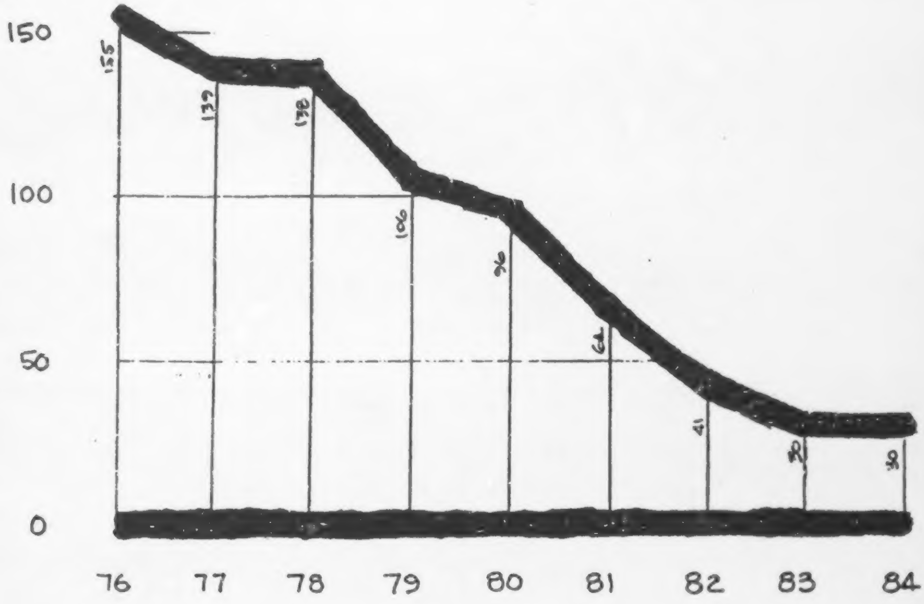
When I inquired last fall, participating states had 102 federally part-funded positions and 21 non-federally funded or vacant positions. All salaries were well below those of the FRA's 325 field inspectors. State inspectors out-produced FRA inspectors. Some monitored safety beyond FRA scope. I concluded that FRA gets more than its money's worth from partially funding state inspectors.

Certainly FRA gets a fine return from the $85,000 it funds the Maryland program. If funding ends, Maryland's program probably will be reduced. To achieve the same inspection and enforcement levels, federal costs must climb. I urge you to continue funding state participation in the federal rail safety program.

Sincerely,

H. B. Christianson

Hilmar B. Christianson
Assistant Commissioner
Railroad Safety and Health



FRA REPORTABLE TRAIN ACCIDENTS IN MARYLAND

STATEMENT OF THE NATIONAL SCHOOL TRANSPORTATION ASSOCIATION

The National School Transportation Association (NSTA) was founded in 1964 by private school bus contractors to "promote and foster the highest degree of safety in the transportation of school children." The Association represents approximately 40 percent of the nation's yellow school bus fleet with members in all 50 states and in Canada. The bulk of these private contractors, many of them from second- and third-generation firms, are members of NSTA as well as state contractor associations.

NSTA's prime concern is the safety of the children its members transport daily. In fact, the Association was founded -- and continues -- because we are able to get students to and from school in the safest possible manner. Traveling in today's well-equipped, shiny yellow bus is seven times safer than taking the same trip in the family automobile.

This is why NSTA supports the National Highway Traffic Safety Administration's position on occupant protection in school buses.

Our association is not so much opposed to the use of safety belts in school buses as it is supportive of the concept of compartmentalization. We came to this position after years of tests, experiments, and studies resulted in the NHTSA concluding that compartmentalization provides an adequate level of safety protection. In contrast, there are no standards established for seat belts on large school buses.

NSTA believes that compartmentalization -- containing children within a structurally reinforced passenger compartment of fully padded, high-back seats and crash barriers -- is preferable to any form of containment that relies upon the use of safety belts or other similar restraining devices.

Furthermore, we believe that the studies and excellent safety record of school buses support compartmentalization. The real safety problems in school transportation -- and those that need to be thoroughly addressed by the industry, schools, parents, and the public -- are the fatalities and injuries that occur where children get on and off the buses -- the loading zones.

Those of us who work with the children and school buses every day feel that every new item that is added or changed on school buses should be well tested and engineered prior to being mandated as a regulation. This is why NSTA will continue to support the compartmentalization concept until documented research establishes that seat belts on school buses will raise the level of protection for the occupants.

NSTA is concerned that many interested and well-meaning individuals are not informed of the safety record of school buses, the safety features incorporated into school bus construction, and why seat belts are not mandated or needed on school buses.

For years safety officials have been telling the American public that "seat belts save lives." They do, too -- in automobiles.

Even so, after two decades only a small portion of the driving public regularly uses these safety devices. No slogans, campaigns, or even visible evidence have caused the majority of Americans to buckle up when they get in their cars.

There is a segment of our population -- well intentioned, concerned people -- who are calling for seat belts to be placed on all school buses in the country. At first glance, this may seem like a good idea, but upon closer examination, it turns out to be simply not the case at all.

The fact to keep in mind is there are major differences between automobiles and school buses, and these differences call for different safety solutions.

Even though they both have tires, steering wheels and motors, there are basic differences between automobiles and school buses besides that of size. In a school bus, great effort has been made to eliminate protruding objects that could injure a passenger during a crash. Automobiles, in contrast, are loaded with hostile objects such as dashboards, windshields, knobs, and worse.

Unbelted, an automobile's passenger will fly toward the point of impact in the event of a crash, colliding with any of these hostile objects that are in the path. The safest place to be in such an event is belted into the seat, which is designed to stay attached to the automobile frame.

A school bus is different. Passengers are protected by the lack of protruding objects and by compartmentalization -- the careful padding of seats, seat backs, sides, and aisles. This compartmentalization is designed to cushion the students in the event of a sudden impact or swerve and the padding itself absorbs most of the impact.

There are other differences as well. The outer construction is an excellent example. A school bus is encased in a metal frame, much like a metal rib cage, unlike today's small automobiles which have very little reinforcement. In addition, the passenger compartment in buses is well above the bumper height of automobile bumpers, so the impact of a collision isn't felt on the same level.

This is the reason why interstate carriers, school buses, and public transit buses are exempt from safety belt requirements. They have inherent safety advantages related to their size, weight, and interior design that other vehicles don't normally have.

School buses are special for other reasons as well. First of all, the public is aware of them because of their shiny yellow color, flashing lights, and special markings. This automatically makes the public more cautious around this type of vehicle. Besides, these buses are normally operated at a low speed.

They are particularly special because they carry a precious cargo: our children. This knowledge on the part of the bus driver and the motoring public gives this type of vehicle a large advantage when it comes to safety.

When all these factors are taken into account, it becomes clear that different safety devices must be considered for these two completely different types of vehicles.

Every school day, nearly 23 million American children ride about 350,000 school buses to their schools and back again. Statistically, school buses are the safest vehicles on the roads, recording the fewest fatalities per 100 million vehicle miles. School bus occupant fatalities have declined steadily from 60 in 1976 to nine in 1983.

Although statistically there are few pupil fatalities on school buses -- .4 of one percent per 100,000 vehicular miles in 1982-1983 -- the school bus industry can't afford to brag. As long as one child is killed, the quest for safety must be a never-ending process.

The fact remains, however, that the majority of fatalities in school bus related accidents don't occur on the bus. They happen before, during, or after the loading or unloading procedure. Considering the potential for accidents and the number of children who regularly ride school buses (over 22 million in 1981-1982), it is amazing that the number of deaths or injuries is not greater.

Seat belt proponents continually stress the need for safety aboard the bus and contend that existing standards created by the compartmentalization concept are not adequate protection against side collisions and rollovers. Setting aside the question of whether or not the school bus itself is a safe vehicle, it is important to look at where children are being killed and to examine some of the reasons behind the accidents.

It appears that seat belt proponents, instead of correcting the problem at its source, are looking for devices designed to protect students in case of an accident -- rather than seeking ways to avoid these mishaps altogether.

Instead of placing the major emphasis on student protection in the event of an accident, time and effort could best be spent on driver training and public awareness.

According to statistics for the 1982-1983 year, 28 school children were killed in school bus related accidents while outside the bus. Of those, 17 were killed by their own bus -- 12 at the front and five at the rear. The remaining 11 fatalities occurred when vehicles passed -- illegally in most instances -- a stopped school bus in the process of loading or unloading. Why do fatalities such as these occur?

The cause of the 11 killed by vehicles passing a stopped school bus is ignorance of the safety hazards and a lack of awareness on the part of the motoring public. The transportation industry hasn't done a very good job of educating the public. In addition, the number and variety of traffic laws around the country specifying procedures to be followed when approaching a bus loading or unloading is in itself a cause for motorist confusion. Not only do laws vary from state to state and locality to locality, there are also major differences in warning equipment. For example, the eight-light warning system is not universally required; neither is the stop arm nor standard lettering such as "Stop on Signal."

Emphasis on reducing the federal deficit makes it unlikely that additional funds will be made available for school bus driver training. The end result of this lack of funding means a reduction in school bus driver training. This is particularly lamentable in light of recent studies that show the positive effects of such programs. One in particular -- a California study -- concluded that school bus driver-caused accidents declined an amazing 20 percent after a driver training program was initiated in 1974. Similar studies conducted by other states show comparable findings.

The suggestion by seat belt proponents that if children are taught to buckle up on a bus, they will continue the habit into adulthood is commendable, but unrealistic. No school bus driver -- operating under less than ideal conditions at the best of times -- could accomplish that which only 10 to 14 percent of the parents whose children ride in seat belt equipped automobiles have accomplished in the 25 years since these devices were introduced.

Doesn't it make more sense to concentrate energies in teaching in an environment where educational experiences have shown that learning is best accomplished? Even if seat belts were made mandatory -- in automobiles as well as in school buses -- the process of teaching children the value and desirability of their use could be accomplished much more effectively in a controlled educational environment than on a crowded school bus.

There is a solution to eliminating a great number of school bus related fatalities. It's driver education, and it's an attainable goal. All a driver need do is be certain that he or she knows where the child is who is getting on or off the bus. It's that simple. By counting and not moving until they are sure, the child will not be run over.

This message should constantly be in front of every school bus driver. Additional distractions, such as assuring that seat belts are properly adjusted and buckled, would only divert driver attention from this primary responsibility. If seat belt proponents direct their efforts toward accomplishing this single goal, instead of campaigning for, and promoting, additional safety equipment, it could be accomplished and the safety of the children would be greatly enhanced.

A lot of thought, care, and research went into the National Highway Traffic Safety Administration's standards for school bus passenger seating and crash protection.

The underlying philosophy behind these standards was the premise that it is more practical and effective to put the passengers in surroundings that could absorb a great deal of the shock and energy generated by a collision or sudden swerve than to confine the children in seats with seat belts.

"The standard relies on compartmentalization between well-padded and well-constructed seats to provide occupant protection on school buses," is how NHTSA's language actually reads. These standards are applicable only to large school buses. On the smaller, van-type vehicles, seat belts are required.

NHSTA also noted that, "Compartmentalization provides satisfactory protection and that a requirement for belts without the assurance of proper supervision of their use would not be an effective means of providing occupant protection."

Compartmentalization involves several things. It calls for higher seat backs, impact-absorbing seats, and padded reinforcement of these seats, which also must not separate from the vehicle at any attachment point. Special padding of the rear of the seats is designed to protect children's heads in the event of a sudden impact, and special leg protection zones are specified in the construction requirements. All of this padding is required to be of thick foam rubber in order to absorb the maximum energy from the impact.

In 1983, the Federal Motor Vehicle Safety Standards for school buses were modified to increase the spacing between the seats from 21 to 24 inches. This was done, however, only after tests had demonstrated that such an increase would not impair the concept of compartmentalization. Any increase beyond 24 inches might impair the ability of the seats to absorb energy in the manner required by the standards.

The benefit of compartmentalization is that it is a passive protection system. The student passengers don't have to do anything to afford themselves this protection. It is built into the vehicle itself.

Seat belts on school buses might work under certain conditions -- and there is even some argument about this -- but one thing is clear; they won't do any good at all if they aren't fastened, and fastened properly. With compartmentalization, the protection is automatic and effective.

A recent report by Transport Canada on crash tests it performed revealed that some types of injuries were more severe in belted than unbelted dummies in school bus crashes. A summary of the 1985 report stated:

> "The results indicated that the belted dummies experienced higher head accelerations, lower chest accelerations, and more severe neck extension than did the unbelted ones. This indicates that if lap belts are installed on current designs of school bus seats, a greater potential for head injury may exist.
>
> "Other observations suggest that further study is required in the area of glazing strength, attachment of seats to floor, fuel filler mounting, and driver protection.
>
> "This School Bus Safety Study indicates that careful deliberation must be exercised before deciding whether or not to add lap belts to existing designs of occupant protection systems found on today's school buses. The barrier crash test results showed that the potential for head injury in frontal collisions increased, when lap belts were employed.
>
> "This conclusion was reached after the subject of school bus safety was investigated in considerable detail. The investigation included a review of existing literature, discussions with bus manufacturers and operators, and a dynamic barrier crash program.

> The crash program provided data and photographic evidence, not before available, to compare the reaction of belted and unbelted test dummies in a frontal collision."

A summary of Transport Canada's test results is included for the record.

If compartmentalization is inadequate for protecting school children, as proponents claim, NSTA supports a new study of the issue by NHTSA. However, NSTA does not support mandated seat belts without such a study, particularly in light of the 1985 Canadian crash test report. As stated above, NSTA's prime concern lies with doing whatever will ensure the safest possible environment for children.

SCHOOL BUS SAFETY STUDY

VOLUME 1

REPORT

PREPARED FOR: TRAFFIC SAFETY STANDARDS
AND RESEARCH
TRANSPORT CANADA

PREPARED BY : G.M. FARR, P. ENG.
AUTOMOTIVE SAFETY ENGINEER
CRASHWORTHINESS SECTION

DATE : JANUARY 1985

ABSTRACT

The safety of children on school buses is an issue of considerable concern. Canadian Motor Vehicle Safety Standards pertaining to the crashworthiness features of school buses were introduced in 1980 with the objective of better protecting children in the event of an accident. While there is not yet sufficient accident data available in Canada to document the effects of these regulations there are indications in the U.S. that similar regulations have been effective in accomplishing this goal. The suggestion has been made by many groups, on many occasions, that perhaps seat belts should be made mandatory in school buses in order to provide an enhanced level of occupant safety.

This report details the results of an overall study of school bus safety. It includes the results of a literature survey, discussions with bus manufacturers and operators of school buses utilizing seat belts and a crash test program for three different school buses.

The crash test program provided data and photographic evidence to compare the reaction of three belted and three unbelted dummies in a 48 km/h frontal collision. Three different seat spacings were also used.

The results indicated that the belted dummies experienced higher head accelerations, lower chest accelerations and more severe neck extension than did the unbelted ones. This indicates that if lap belts are installed on current designs of school bus seats, a greater potential for head injury may exist.

Other observations suggest that further study is required in the areas of glazing strength, attachment of seats to floor, fuel filler mounting and driver protection.

SUMMARY

This School Bus Safety Study indicates that careful deliberation must be exercised before deciding whether or not to add lap belts to exisiting designs of occupant protection systems found on todays school buses. The barrier crash test results showed that the potential for head injury in frontal collisions increased, when lap belts were employed.

This conclusion was reached after the subject of school bus safety was investigated in considerable detail. The investigation included a review of existing literature, discussions with bus manufacturers and operators and a dynamic barrier crash program. The crash program provided data and photographic evidence, not before available, to compare the reaction of belted and unbelted test dummies in a frontal collision.

Three different sizes of school buses were subjected to a barrier collision at 48 km/h. The large conventional type bus was a 66 passenger Blue Bird model. The mid size bus was a 22 passenger Thomas Minotour I built on a Ford Chassis. The third bus was a 20 passenger van conversion type, manufactured by Campwagon, using a Dodge B350 van. Each bus contained six 5th percentile adult female test dummies. Three of the dummies were restrained by type I* seat belts and three were left unrestrained. The Thomas & Campwagon buses had a Gross Vehicle Weight Rating (GVWR) of less than 4500 kg while the Blue Bird had a GVWR greater than 4500 kg.

For the bus with a GVWR greater than 4500 kg, all dummies exhibited HIC** values which were less than 1000. The value of 1000 is the generally accepted threshold, above which serious injury or death is likely to occur. However, the HIC for the belted dummies was approximately three times greater than the HIC for the unbelted ones. For both buses with a GVWR less than 4500 kg, all HIC values for restrained dummies exceeded 1000. By contrast, all HIC values for unrestrained dummies were below 1000. The differences in HIC values were significant enough to reach the conclusion stated above. A summary of test results is presented in Table 3. In addition, several belted dummies experienced severe rearward neck flexure, as a result of pivoting about the lap belt and striking the seat back in front with their head. This in itself was judged to cause at least serious injury.

Further conclusions are summarized below:

1. The passive occupant restraint system (compartmentalization) provides excellent protection for occupants during a frontal impact.

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* A type I seat belt consists of a lap belt only, for restraining movement of the pelvis

**HIC = Head Injury Criteria - refer to Appendix A, clause (11). Refer to BACKGROUND section for further explanation of HIC. Appendices are referenced throughout volume 1 of this report. They are contained in Volume II.

2. The use of a type I seat belt system in any current design of school bus may result in more severe head and neck injuries for a belted occupant than an unbelted one, in a severe frontal collision.

3. The use of lag screws to attach seats/barriers to the bus floor should be examined.

4. The body shift along the chassis during a frontal collision presents a life threatening hazard to the bus driver.

5. The body joint strength regulation (CMVSS 221) is adequate to prevent joint separation in a school bus with a GVWR greater than 4500 kg during a frontal collision.

6. The window retention regulation (CMVSS 217) should be reviewed to determine if a minimum force should be applied to the windows before they are permitted to shatter or become dislodged from their frame.

7. The femur loads measured on all dummies were well below the limit of 2500 lbs.

8. There are few statistics available concerning school bus accidents. Further collections and analysis of such data should be pursued. In particular, the direction of impact with the bus and the type of injuries encountered should be documented more fully.

BACKGROUND

Accident data shows that school buses are the safest means of transporting students to and from school. The latest available Canadian analysis, entitled "School Bus Accident Study"[1]* concluded that a student is 8 times more liable to be injured while travelling to or from school in a vehicle other than a school bus.

Unlike passenger cars, whose more aggressive interior, lower mass and more severe deceleration behaviour in a crash situation makes the fitment of seat belts essential for occupant safety, the school bus presents a different problem with respect to occupant protection. There are, at present, a total of thirty five federal safety standards which are applicable to school buses. These are summarized in Appendix B. New safety standards for school buses were introduced in 1980. These ensured that school buses would be constructed with increased body joint strength (CMVSS 221), improved window retention (CMVSS 217), better fuel system integrity (CMVSS 301) and improved occupant protection (CMVSS 222).

As the result of extensive testing in the U.S. [8, 9] and Canada, the occupant protection capability of a school bus was greatly improved by requiring the use of high-backed, heavily padded, closely spaced seats. The old steel post and modesty panel which was ahead of the front row of seats was replaced by a high, padded barrier. Performance criteria were introduced to ensure that the seats were capable of absorbing a specific amount of energy if they were impacted by an occupant. The method of attaching the seats to the floor and attaching the seat cushion to the seat frame was upgraded. These features are collectively referred to as the "compartmentalization" concept. Since the introduction of similar passive protection features in the U.S. in 1977, child deaths in school busses have been reduced from 60 to 9 with over 400,000 school busses operating daily.[2] A table illustrating this reduction in fatalities is provided in Appendix C.

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*The numbers which appear as superscripts are the references listed at the end of this report.

Because of this "compartmentalization" concept, and the controlled seat spacing, the students tend to sit more upright on the seats. In the event of a collision, the occupant slides forward into the back of the seat in front. This results in the forces being spread more evenly over the upper torso. A head protection zone as described in Appendix A, clause(1) is provided in each bus to minimize head contact with the roof of the bus.

CMVSS 222 "School Bus Passenger Seating and Crash Protection" was first proposed in the Canada Gazette Part I on February 4, 1978. The proposed effective date was September 1, 1978. The proposal would have required that seat belts be installed at each designated seating position (DSP) in all school busses having a Gross Vehicle Weight Rating (GVWR) of 4500 kg or less and that seat belt attachment points be provided on seats in school busses with a GVWR greater than 4500 kg.

Due to the many adverse representations received from manufacturers, school boards, operators etc, the seat belt requirements were withdrawn. This was done with the understanding that a thorough review would be conducted in order to examine more fully the effect that seat belts would have on school bus occupants and to further investigate the areas of concern raised by commentators to the Part I. Representors questioned the following:

a) Cost-benefit ratio due to the low number of accidents involving school buses.

b) Adverse effect of seat belts on the undeveloped bone structure of young children.

c) operational problems such as replacement of damaged belts, and maintenance of belts.

d) monitoring the students to ensure that the belts are worn and are properly adjusted.

e) use of belts as weapons to strike another student.

f) liability of the operator or driver if the belts are not worn and/or are improperly adjusted and the bus is involved in an accident.

CMVSS 222 without the seat belt requirement became effective September 30, 1980.* It followed the "compartmentalization" concept for occupant protection.

In the U.S., school buses with a GVWR of 10,000 lbs (4500 kg) or less must have a seat belt installed at each DSP. This regulation, FMVSS 222, became effective on April 1, 1977. There are however some significant differences between the existing Canadian and U.S. regulations. In Canada, a padded barrier must be installed in front of each DSP that does not have another seat back within 533 mm** of the Seating Reference Point (SRP). This barrier is not mandatory in the U.S.. In addition, the head protection zone and seat spacing requirements*, specified in the Canadian regulation, are not applicable in the U.S. for buses with a GVWR of 10,000 lbs (4500 kg) or less.

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* SOR 80-161, Canada Gazette Part II, Vol. 114, No. 5, March 12, 1980.

The "School Bus Testing Program" was planned to determine the reaction of belted and unbelted test dummies in all classes of school buses during a frontal barrier collision. No such data presently exists. An investigation of the head and chest contact of the dummy with the seat back was needed for both belted and unbelted dummies, to properly assess the effect seat belts would have on school bus occupants and to determine whether or not the regulations introduced in 1980 provide the anticipated level of protection. It was suspected that the pivoting of the anthropomorphic test device (ATD) about the seat belt could result in greater head injuries than if the ATD were unrestrained.

The barrier crash program was designed to measure and compare the effect of a 48 km/h frontal barrier crash on both belted and unbelted dummy occupants. In addition, three different seat spacings were used to determine if this variable has an effect on the reaction of the dummies.

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* A copy of CHVSS 222 is attached as Appendix A. Clause (1) defines the head protection zone and clause (10) defines the seat spacing requirement.

** A proposal has been submitted to increase this to 610 mm. Sled tests performed in the U.S.8 have shown that seat spacing can be increased up to 610 mm without impairing the concept of compartmentalization.

Instrumentation was installed to determine the deceleration of the vehicle during the crash phase. Six instrumented but uncertified 5th percentile adult female anthropomorphic test devices (ATD)* were installed in each bus to determine the chest deceleration, the head deceleration and the femur loads** during the impact. Slow motion films were made to provide a record of the motion of the dummies within the vehicle.

Instrumentation consisted of triaxial accelerometers in the heads and chests of the ATD's and load cells in the femurs and on both sides of the lower torso belts. From this raw data accelerations were plotted against time. Chest severity indices, peak accelerations and the head injury criterion (HIC) were then calculated.

The question of which injury criteria to rely on deserves some consideration. Peak resultant head acceleration gives some indication of injury potential but, particularly when the peak occurs over a short duration, it is difficult to relate this to human tolerance. The onset rate, duration and presence of angular acceleration all contribute to the severity of injury. The HIC has been developed to provide a mathematical relationship between resultant acceleration and time and is expressed as

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* The ATD's are dimensioned in accordance with CMVSS 100 and conform to FMVSS part 572 specifications.

**Only ATD numbers 4, 5 and 6 could be instrumented to record femur loads.

$HIC=[\frac{1}{t_2-t_1}\int_{t_1}^{t_2} a.dt]^{2.5}\ (t_2-t_1)$.* A tolerance for human head injury has been set somewhat arbitrarily, at the level of HIC $<$ 1000. The level of 1000 has been challenged by researchers in France and other countries and the validity of the mathematical expression itself can be questioned.[10] The expression has been developed from studies of human cadaver head impacts to flat plates, animal studies and cadaver studies and it is not certain how well suited the expression or the limit of 1000 is to head impacts of the type found in this study. Certainly, a HIC of 1000 is probably not the best value for a limit of human tolerance for children. Unfortunately, the fundamental research necessary to provide a reliable head injury criterion for children has not been completed. HIC in the form currently used worldwide in automotive testing probably provides an indication of a certain level of injury to the human child head and it is included here, along with peak resultant acceleration. The chest accelerations are also included. An injury criterion of a maximum of 60 g's chest acceleration over 3 milliseconds is used in some standards. It is probable that child tolerance in the area of chest impact would exceed that for adults due to the greater elasticity of the bone structure.

It seems reasonable to assume that the injury criteria commonly used for adults (HIC and chest acceleration) give some relative indication of injury potential for children but the limits are suspect. In the absence of better measures these values are quoted here.

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*For explanation of terms, see Appendix A clause(11).

Eight of ten Canadian provinces have legislation which makes the wearing of seat belts mandatory if the belts are installed by the vehicle manufacturer. Children in seven of these eight provinces are required to be secured by an approved occupant restraint in the family car from the time they leave the hospital as a new born in an infant carrier. The only vehicle which they may encounter which does not have seat belts is a bus. Many people argue that this break in the continuity of seat belt deployment can have adverse effects on the wearing rates in vehicles other than buses. However, there is no data available to either confirm or disprove this theory.

Additional studies included conducting a literature search to try to determine if the compartmentalization concept is a valid one, visiting bus manufacturers to examine their products and manufacturing techniques and visiting bus operators who employ seat belts to discuss their experiences. The results are found in the section entitled "FINDINGS".

APPROACH

In order to properly evaluate the situation concerning school bus safety, it was necessary to contact a number of sources. Computer data bases in the Transport Canada library were searched for published literature concerning school bus safety and testing. A major literature search, conducted by Biokinetics and Associates Ltd. as part of the TES Limited Study[3] on the school bus safety shield, was reviewed as part of this study.

Construction methods used in the manufacture of school buses were examined at the bus manufacturers factories and the issue of seat belt use in buses was discussed with key personnel. School buses which employ seat belts were examined at to the Etobicoke Board of Education in Etobicoke and Allways Transportation in Scarborough. The experience of the fleet managers with seat belts in their buses was discussed.

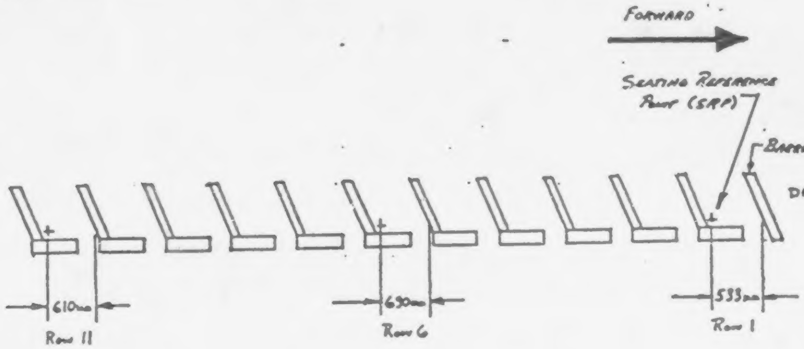
It was determined that no data existed to compare the reaction between belted and unbelted occupants in a school bus, during a frontal collision. In order to generate such data, the "School Bus Testing Program" was developed.

For this barrier crash program, three buses representing the majority of types of buses in use in Canada were selected. The first was a 1984 Bluebird, 66 passenger full size bus (GVWR 11340 kg). The second was a 1984 Campwagon van conversion type, 20 passenger (GVWR 3861 kg) built on a Dodge B350 Maxivan chassis. The third was a 1984 Thomas Minotour 1, 22 passenger (GVWR 4535 kg), built on a Ford school bus chassis. Neither the chassis nor body of the buses was altered for testing. The seating arrangement was altered in accordance with the following:

1. BLUEBIRD BUS - VIN 1BVLMEGM2EHA22630

There are eleven rows of seats in this bus. Row 1 is at the front immediately behind the barrier and row 11 is at the rear. The spacing between the seats and the front barrier or seat back was adjusted as shown in figure 1. The seats with seat belts installed were purchased from Blue

Bird - part number 39" DOT-TP*, with type I lap belt assemblies. The seat belt was manufactured by Indiana Mills, model 1130-4100-0001-00, manually adjustable, no retractors.



NOTE:
1. ON L.H. SIDE, LAP BELT INSTALLED IN ROW 6 ONLY
2. ON R.H. SIDE, LAP BELT INSTALLED IN ROWS 1 AND 11.
3. DIMENSIONS TAKEN AT CENTER OF SEAT, ON HORIZONTAL PLANE, THROUGH SRP.
4. ALL SEATS ARE 990mm WIDE (3 DSP)

SEAT SPACING - BLUE BIRD BUS

FIGURE 1

When a seat was moved to obtain the desired spacing, 11/32 diameter pilot holes were drilled through the floor and 5/16" x 2" machine bolts and nuts were installed. The nuts were torqued to 10-12 ft-lbs. The attachment of the seat frame to the sidewall was accomplished by using 3 - 5/16 x 3/4 long machine bolts and nuts in 11/32 diameter pilot holes. Nuts were torqued to 18-20 ft-lbs. All hardware and instructions were supplied by Blue Bird.

Barriers and seats not requiring relocation were tested as installed in the bus by Blue Bird.

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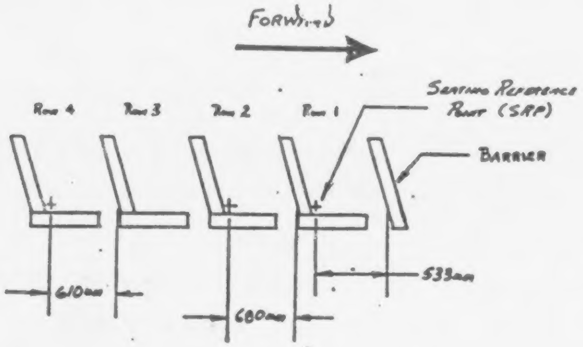
* Imperial units are used in many instances in this section because the bus manufacturers instructions for installing seats specified imperial fasteners and torque requirements.

Refer to photos #1 to 14 for both pre and post test conditions.

2. THOMAS BUS - VIN 1FDJE37G1EHA83615

The seats in the Thomas bus were moved to obtain the spacings shown in figure 2. The instructions and hardware were supplied by Thomas. Three seats (rows 1, 2 & 4) on the LH side were removed and replaced with reinforced seats, complete with type I seat belts. These seat assemblies were purchased from Thomas, complete with seat belts installed on the frame.



NOTE:
1. DIMENSIONS TAKEN AT CENTER OF SEAT, ON HORIZONTAL PLANE, THROUGH SRP.
2. ROWS 1, 2, 3 - 990mm WIDE SEATS
3. ROW 4 - 812mm WIDE SEAT

SEAT SPACING - THOMAS BUS

FIGURE 2

While attaching the seats to the floor several of the lag screws could not be torqued to the specified 16-18 ft-lbs., due to stripping of the threads in the plywood.

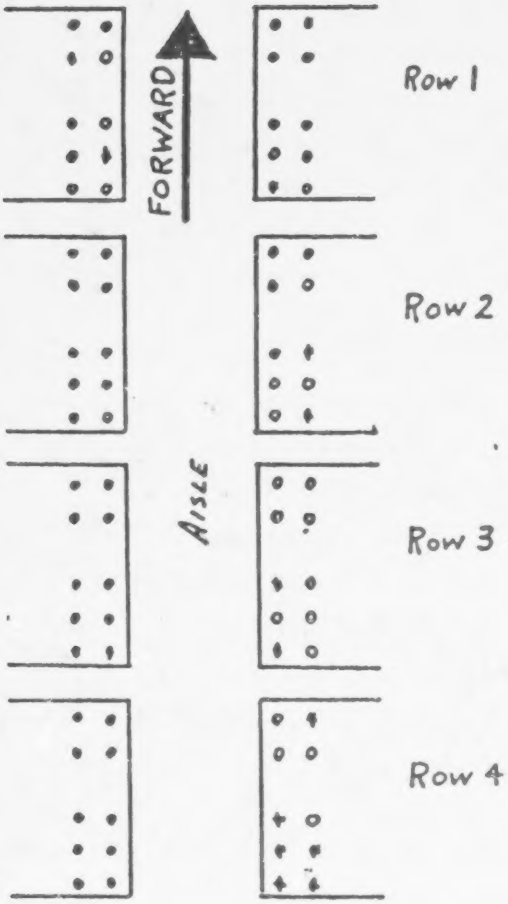
These lag screws were removed and replaced with 5/16 NC machine bolts and self locking nut/washer. The location of the bolts is shown in figure 3. The barriers were tested as installed in the bus by Thomas.

The seat belts were all located on the left side of the vehicle. Belts were manufactured by Beams, model J1800F (male) and model J1800B (female), manually adjustable. Retractors were not used.

Refer to photos #29 to 42 for both pre and post test conditions.

3. CAMPWAGON BUS - VIN 2B7KB33TOEK278915

Since Campwagon does not have a seat belt option for their van conversion school buses, it was necessary to use 3-66o mm wide seats, complete with seat belts, manufactured by Thomas bus. The seat spacing was altered in accordance with figure 4. All seat belts were located on


FORWARD
AISLE
Row 1
Row 2
Row 3
Row 4

NOTE:

○ = $\frac{5}{16}$" LAG SCREW
TORQUED TO
16-18 FT-LBS

● = $\frac{5}{16}$" N.C. MACHINE
BOLT. NUT TORQUED
TO 16-18 FT-LBS.

BARRIER NOT SHOWN

THOMAS BUS - LOCATION OF BOLTS IN FLOOR

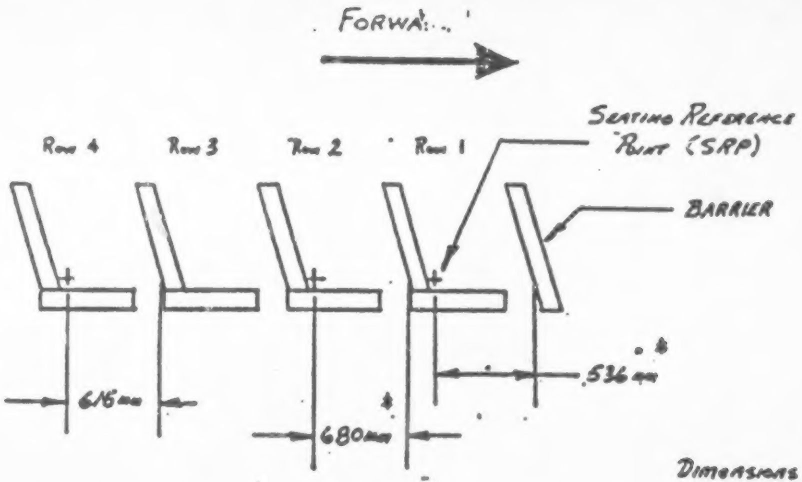
FIGURE 3

the left side of the vehicle. Seats on the right side of the vehicle were the type supplied with the bus. All seats were bolted through the floor, where possible, using 5/16 NC machine bolts with nuts and lock washers. Where cross members or gas tank prevented bolting, 5/16 x 1-1/2 lag screws were used. The securing nuts and lag screws were torqued to 12 ft-lbs. Figure 5 shows location of bolts and lag screws.

Seat frames were bolted to the side angle with 2 - 5/16 NC machine bolts with lockwasher and nut. Nuts were torqued to 17 ft.-lbs. Seat belt mounting bracket, Thomas part number 4600-9290 was used to attach the seat belt to the side angle. The bracket was attached to the angle with 2 - 5/16 NF x 1-1/4 machine bolts, lockwasher and nut. Nuts were torqued to 17 ft-lbs. The seat belt was attached to the belt mounting bracket per instructions supplied by Thomas Bus.

The two front barriers were tested as installed by Campwagon.

Refer to photos #15 to 28 for both pre and post test conditions.


FORWARD
Row 4
Row 3
Row 2
Row 1
Seating Reference Point (SRP)
BARRIER
616mm
680mm †
536mm *

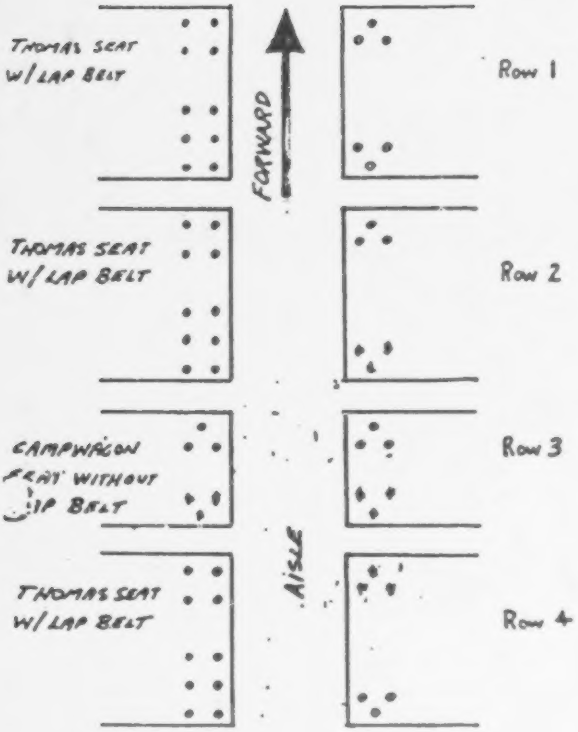
Dimensions shown are for
L.H. side of vehicle. For R.H.
Side, Dimension marked
† = 685mm
* = 527mm

NOTE:

1. DIMENSIONS TAKEN AT CENTER OF SEAT, ON HORIZONTAL PLANE, THROUGH SRP.
2. ALL SEATS ARE 660mm WIDE (2 DSP)
3. ON L.H. SIDE OF VEHICLE, SEATS IN ROWS 1, 2 AND 4 ARE THOMAS BUS SEATS WITH SEAT BELTS.
4. SEAT IN ROW 3 ON L.H. SIDE AND ALL SEATS ON R.H. SIDE ARE CAMPWAGON SEATS.

SEAT SPACING - CAMPWAGON BUS

FIGURE 4


THOMAS SEAT W/LAP BELT
THOMAS SEAT W/LAP BELT
CAMPWAGON SEAT WITHOUT LAP BELT
THOMAS SEAT W/LAP BELT
FORWARD
AISLE
Row 1
Row 2
Row 3
Row 4

NOTE:

○ = $\frac{5}{16}$" NC MACHINE BOLT NUT TORQUED TO 16-18 FT-LBS.

● = $\frac{5}{16}$" X $1\frac{1}{2}$" LAG SCREW TORQUED TO 17 FT-LBS.

ALL SEATS ON R.H. SIDE ARE CAMPWAGON SEATS.

BARRIER NOT SHOWN

CAMPWAGON BUS - LOCATION OF BOLTS IN FLOOR

FIGURE 5

4. SEAT SPACING

Regulation CMVSS 222(10)*, requires that a restraining barrier be provided in front of every DSP that does not have the rear surface of another school bus passenger seat within 533 mm of the SRP, measured horizontally through the SRP. Sled tests performed in the U.S.[8] have shown that seat spacing can be increased up to 610 mm without impairing the concept of compartmentalization. An amendment is presently being processed to increase this seat spacing to 610 mm. Thus, the 533 mm and 610 mm spacing used in the test were chosen to reflect the current and proposed regulation.

The erect sitting height of the 5th percentile adult female ATD is 784.8 mm (30.9"). The normal sitting height is 751.8 mm (29.6"). The vertical height from the seat bench to the SRP of the ATD is approximately 96.5 mm (3.8"). By subtracting the SRP height from the sitting height gives a dummy torso pivotal arm of approximately 685 mm. The SRP is located approximately 133 mm horizontally from the seat back. Thus a theoretical distance of approximately 813 mm from seat back to seat back is required to have minimal contact between the ATD head and the seat back in front. The physical size of the two smaller buses also prevented the third seat spacing from exceeding 813 mm. A larger spacing would have caused contact between the seat backs of row 2 and the seat bases of row 3. This spacing was used in the larger bus as well, to maintain a consistent test format.

The barrier crashes were performed at the

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* Refer to Appendix A

Transport Canada Motor Vehicle Test Centre, at Blainville P.Q. Arvin-Calspan Corporation (Calspan) of Buffalo, New York was the contractor engaged to prepare the buses and conduct the tests. Calspan brought the necessary test equipment from Buffalo to record dynamic ATD data and film ATD movement within the buses. The seat spacing within the buses was altered by Transport Canada personnel, in accordance with instructions provided by the bus manufacturers.

Six 5th percentile adult female ATD's were placed in each bus. This dummy was chosen to simulate a large elementary school student. (the ATD weighs 46.4 kg (102 lbs.)). The next commonly available ATD, the 50th percentile adult male, weighs 74.5 kg (164 lbs) and was judged to be too large for our purposes. Three were secured in placed with the seat belts and three were unrestrained. Each dummy was instrumented to determine chest and head acceleration during the crash. The HIC values were then calculated for each ATD. Three of the six ATD's were instrumented to measure loads imposed on the femurs. In addition, two 6 year old ATD's were placed in the Blue Bird bus, in row 5 on the left side of the vehicle. Then dummies, weighing 21.9 kg (48.3 lbs), were used to simulate a small elementary school child. They were uninstrumented and unrestrained and were used to provide a comparison between the kinematics of this size of ATD and those of the 5th percentile adult females.

The Blue Bird bus was crashed on September 13, the Campwagon van on September 18 and the Thomas Minotour on September 20, 1984, as planned.

FINDINGS

Safety Record

"School buses are involved in very few accidents (only 6% of all school buses in service have accidents in one year) and of these accidents only 20% result in any injury at all to bus passengers. Further, of these injuries only 2% are more than moderately severe. In addition, all of this data is based on pre CMVSS 222 seats. Post CMVSS 222 seats are forecast to further reduce injuries to approximately 40% of previous buses."[3]

Children in school buses are commuting in perhaps the safest mode of transportation. Very few accidents occur and when they do, the injuries to passengers are generally of a minor nature. However, when serious injuries do occur in a school bus, the accident usually receives wide publicity.

School buses travel during specific times of the day, on predetermined routes. They are a unique colour and employ special flashing lights and in many provinces, stop arms to warn other motorists when they are stopped for loading and unloading. They generally travel at low speeds between stops. In addition, it is an offense to pass a stopped school bus, with its warning lights activated while it is loading or unloading students.

A review of existing literature[3] indicates that the causes of school bus accidents, in decreasing order are as follows: school bus driver error, other driver error, bus defects, environmental conditions, other vehicle defects. In a crash situation, the major injury causing devices within the bus, in decreasing order, are as follows: seat backs, sidewalls, seat legs, other occupants, windows. The majority of injuries to passengers are to the head and face. This data is based on seats constructed prior to the introduction of the CMVSS 222 regulation.

Accident and injury statistics are difficult to find. The "School Bus Accident Study"[1] by Gutoskie concluded the following:

a) the estimated number of school bus accidents in Canada in 1975 was 2150 resulting in 1300 injuries (See table 1).

b) the total number of school bus collision-related fatalities in 1975 was 17. Of these, only 2 were killed within the bus while 8 were killed while crossing the road to and from the bus or were struck by the bus (See table 2).

c) In 1975, the probability of a school bus being involved in a reportable accident was 1 in 16. For all vehicles, the probability was 1 in 10.

d) In 1975, the estimated occupant injury rate for school buses was 0.1 per million passenger-miles and for all vehicles was 0.8 per million passenger-miles. That is, it is estimated that a passenger is 8 times more liable to be injured while travelling in a vehicle other than a school bus.

The latest accident statistics, taken from 1981 police reports, indicate that approximately 55% of accidents involving school buses are head-on type collisions.

- Pupils injured inside school buses - (age group 5-19)	600
- Pedestrians injured by school buses, or other vehicles, while crossing the road to or from a school bus	120
- School bus drivers injured when their vehicle collided with other vehicles or fixed objects	150
- Occupants of other vehicles injured in collision with school buses.	430
Total	1,300

TABLE 1 - Injuries Resulting From School-Bus Collisions During 1975 in Canada[7]

- Estimated number of pupils killed within school buses	2
- Estimated figure of pupils killed as a result of being struck by a school bus, or other vehicle, while crossing the road to or from a bus	8
- Estimated number of school bus drivers killed in collisions	1
- Occupants of other vehicles killed as a result of collision with school buses	6
Total	17

Table 2 - School Bus Collision-Related Fatalities During 1975 in Canada[7]

LITERATURE REVIEW

A study conducted in 1977 by Southwest Research Institute for the California Highway Patrol entitled "A Study Relating to Seat Belts for use in Buses"[4] concluded that seat belts should not be installed in any category of bus in the State of California. They also stated that research on seat belts in automobiles and aircraft has proven that the entire seating system must be considered as a unit to provide maximum protection for the passenger.

In the U.S. Federal Register of December 8, 1977, the NHTSA commented as follows: "NHTSA is aware of no data indicating that small buses, that is, those with a GVWR of 10,000 lbs or less do not require the extra protection afforded by seat belts." One of the most convincing reports to support this statement is "Statistical Evaluation of the Effectiveness of FMVSS 222"[5] compiled by the Center for the Environment and Man Inc. (CEM) in October 1980. 82 Multidisciplinary Accident Investigation (MDAI) school bus accident reports were analysed in detail.
An opinion was presented as to the probable outcome of the accident if the buses had been constructed in compliance with FMVSS 222. Two assumptions were made in the report.

i) In the small buses, if constructed to FMVSS 222 requirements, the available seat belts would have been used.

ii) If ejection occured as a result of non-use of seat belts, the use of a seat belt would have prevented the ejection.

A total of 8 small school bus accident reports were reviewed, involving 90 passengers. Of these, 75 were injured and 7 were killed. The following opinions were expressed in the report

1) Of the 7 fatalities, six would have had injuries reduced to minor ones (AIS 1 or 0)* if the occupant had worn a seat belt in a bus constructed to FMVSS 222 requirements. No conclusion was reached for the seventh fatality. This occupant was standing,

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* AIS - Abbreviated Injury Scale - See Appendix D

in the process of changing seats when the accident occured.

2) Most of the 75 injured occupants would have had their injury severity reduced to AIS level 0 or 1 (i.e. minor injuries) if they had been wearing seat belts.

As outlined in the BACKGROUND section of this report, when the original proposal for CMVSS 222 was issued, a requirement that seat belts be installed at each DSP in small school buses* was proposed. Several objections to this proposal were received from various sources. The seat belt proposal was subsequently withdrawn with the understanding that the objections raised would be investigated. The results of this investigation are presented below.

Commentators to the Part I, Canada Gazette proposal of 1978 questioned the suitability of seat belts for use on school age children. They suggested that perhaps the use of seat belts on children might even increase the severity of injury. This subject was researched and a report issued by Biokinetics and Associates Ltd. The report "The Restraint of School Age Children in Automobiles - A Literature Review"[6] reached the following conclusions:

a) children in automobile accidents do not sustain injuries to the same extent and degree as do adults

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* A small school bus is one with a GVWR of 4500 kg or less.

b) children of all ages can benefit substantially from the use of on-board restrain systems in automobiles with minimum likelihood of receiving injuries, including belt related ones.

c) present performance standards (e.g. CMVSS 209) have not resulted in systems which are incompatible with school age children. Indeed, such occupants appear to be afforded more protection than the adults for whom the systems are designed.

Commentators also questioned whether or not Seat belts would be used by the students. They postulated that the belts would be vandalized by the students or used as a weapon against other students.

The effectiveness of a seat belt in reducing injury and death is, of course, dependent upon it's proper use. Ensuring use would be an ongoing educational task to be undertaken by the school authorities and bus operators. The Etobicoke Board of Education, where all large buses employ seat belts and Allways Transportation in Scarborough, where all small buses employ belts, report high usage rates. Greenburgh, New York, another jurisdiction which has belts installed in all buses, reports usage rates in the 80% range. Etobicoke Board of Education reports that in ten years of operation with seat belts, only 10 belts have been deliberately cut. They report no incidences of the belts or buckles being used as weapons. In fact, seat belt usage has cut down on pupil movement and "horseplay" within the buses.

Another objection to the installation of seat belts was that small children would not be able to release themselves in case of an accident and subsequent fire or rollover.

In such an emergency, which is a very rare occurence, the belted occupant has a much greater chance of remaining conscious and alert. The unbelted occupant could be thrown about the vehicle and could be badly injured or unconscious.

The question of maintenance of belts was raised. Many bus fleet operators felt this would be a costly problem. Children wouldn't use the belts if they became dirty or soiled.

Discussions with bus operators presently employing seat belts indicate that maintenance is not a significant problem. Typically, the original seat belts last the seven year life of the bus. The occasional buckle must be replaced because of breakage, but this is an infrequent event and is considered to be normal maintenance of the system. A retractor system can easily be used to prevent belts from falling to the floor.

Field Investigation

A visit was made to the Etobicoke Board of Education and Allways Transportation Systems in Etobicoke and Scarborough respectively to examine buses with seat belt installed and to discuss the use of the belts by the students.

Etobicoke operates 25 large school buses - typically 72 passenger models. All seats are designed to accommodate 3 students with one seat belt for each student. Retractors are used to keep the belts off the floor to prevent them from becoming dirty.

Allways employs mainly school buses with a GVWR less than 4500 kg - typically 20 passenger models. The buses are manufactured by Girardin and have a seat belt at each DSP. The belts are installed by the bus manufacturer and do not employ retractors. The seats are designed to accommodate 2 students.

The following points were noted during the examination of the buses and discussions with the personnel.

1. The seat belts normally last the life of the bus. The buses are normally replaced after 7 years of use.

2. Retractors used in Etobicoke buses are dismantled, cleaned and lubricated at least annually.

3. The belts easily become twisted and thus will not properly retract. A student using a jammed retractor could easily find the belt too short or too long for proper fitment.

4. Students deliberately jam retractors from time to time with candy wrappers, etc. However, this is a fairly rarely occuring event.

5. The driver tells embarking students to secure their seat belts and assumes that they do it. If older students are on the bus, they may be used as monitors. This is at the discretion of the driver. Use of belts seems to be directly related to driver interest.

6. Etobicoke has experienced only 10 deliberately cut belts in the 10 year life of their program.

7. Buckle breakage is a rare occurence.

8. There have been no incidences of the belts/buckles being used as a weapon on other students.

9. Etobicoke estimates their cost to be $2500-$3000 extra to have the belts installed in the buses. The belts are retrofitted by a subcontractor.

10. Etobicoke distributes educational material concerning the use of seat belts through the schools. The proper adjustment of the belts is the responsibility of the children.

11. The buses are regularly used for activity trips as well as normal student transportation.

12. The operators would prefer that a properly designed seat incorporating belt retractors be made available. At present, the retractors must be retrofitted by a contractor.

13. The new 1984 buses have the aisle side retractors mounted in the centre aisle space. These cut down on the effective width of the aisle by approximately 50-75 mm. Children also strike the housing with their legs, causing bruises and injury.

14. One of the major concerns of these operators is that if seat belts are made mandatory in school buses, provinces which have mandated seat belt use must deal with the

question of responsibility for ensuring that students wear the belts - especially small children.

BUS CRASH PROGRAM

The barrier crash program entailed crashing three buses into a concrete barrier at approximately 48 km/h. This type of collision is a very severe type of accident in reality.

The barrier crash program showed that for a small school bus*, in all cases, the ATD secured by a seat belt experienced a HIC value exceeding 1000. In the small school buses, all unrestrained ATD's exhibited a HIC value of less than 1000. From these results, it must be concluded that, for frontal impacts, the restrained occupant would receive more severe head injuries than the unrestrained one. One can further conclude that injuries could very likely be life threatening. A visual analysis of the filmed motion of the dummies indicated that in many cases, the restrained dummies experienced severed rearward neck flexure as a result of the head contacting the seat back in front. In some cases, this flexure alone is judged to be severe enough to cause serious injury.

Even in the large conventional size bus, the HIC values for the restrained ATD's were approximately three times greater than for the unrestrained ones.

A summary of the resultant HIC and chest accelerations is presented in Table 3. A tabulation of test data for each bus is presented in tables 4, 5 and 6. Note the following anomalies:

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* A small school bus is one having a GVWR<4500 kg

(i) ATD #2 in the Campwagon van conversion was ejected from its seat. When it contacted the restraining barrier, the lag screws holding the barrier to the floor withdrew, allowing the ATD to pass over the barrier and strike the dash with its head. The final position of the ATD was upside down on the front door operating mechanism (See photos #21, 22 & 28). This trajectory would probably cause injury to the occupant. However, the test results showed a relatively low HIC value (369). If the barrier had remained attached to the floor, the ATD probably would have been contained within its seating compartment.

(ii) ATD #5 in the Campwagon van had a high HIC value (1711). However, the head of this ATD did not contact the seat back in front of it. Rather, it pivoted about the torso and struck its head on the leg tibias. This would account for the high HIC value. However, considering the dynamic reaction of the ATD, it would probably not have sustained serious head injury.

While the objective of these tests did not include testing for CMVSS 221 "Joint Strength" or CMVSS 301 "Fuel System Integrity", comments concerning these features are noteworthy. Only school buses with a GVWR greater than 4500 kg must satisfy CMVSS 221. This regulation was developed to prevent interior panel joint failures which could result in sharp, hazardous edges or surfaces being created in case of an accident. For the three buses tested, the integrity of the passenger compartment was maintained. No joint failures or separations were noted.

DUMMY NUMBER	LOCATION IN BUS	SEAT SPACING mm	BELTED	UNBELTED	HIC	CHEST ACCELERATION (g)	—
1	Front LH	533		X	*	60.4	LARGE BUS BLUEBIRD 66 PASSENGER Vehicle Wt 8147 kg Vehicle Velocity 48.8 km/h Vehicle Decel. 15 g Dynamic Crush 1371 mm Body Slide 775 mm *Data not valid due to technical problems
2	Front RH	533	X		649	40.8	
3	Centre LH	690	X		629	28.1	
4	Centre RH	690		X	220	34.2	
5	Rear LH	610		X	205	48.2	
6	Rear RH	610	X		731	25.0	
1	Front LH	533	X		2,505	40.1	MEDIUM BUS THOMAS MINOTOUR 22 PASSENGER Vehicle Wt 4033 kg Vehicle Velocity 47.0 km/h Vehicle Decel. 19.5 g Dynamic Crush 729 mm Body Slide 381 mm
2	Front RH	533		X	893	47.9	
3	Centre LH	680	X		1,144	38.6	
4	Centre RH	680		X	741	59.8	
5	Rear LH	610	X		1,173	42.4	
6	Rear RH	619		X	494	44.9	
1	Front LH	536	X		2,016	32.8	SMALL BUS VAN CONVERSION TYPE CAMPWAGON 20 PASSENGER Vehicle Wt 3056 kg Vehicle Velocity 47.1 km/h Vehicle Decel. 49 g Dynamic Crush 495 mm Body Slide 0
2	Front RH	527		X	369	21.1	
3	Centre LH	680	X		2,195	32.2	
4	Centre RH	685		X	946	42.0	
5	Rear LH	615	X		1,711	37.5	
6	Rear RH	615		X	607	24.4	

TABLE 3 SUMMARY OF DYNAMIC TEST RESULTS

Table 4

DUMMY INJURY CRITERIA VALUES
1984 CANADIAN BLUE BIRD

Pos. No.	Maximum Accelerations "Gs"								Head **			
	Head				Chest							
	X	Y	Z	R	X	Y	Z	R*	HIC	T1 Sec.	T2 Sec.	Ave. Acc
1	*** -110	***	141	420.3	-53	-24	-43	60.4	*** 68372	.0741	.1134	313.5
2	-216	40	41	217.6	-40	12	-44	40.8	649.6	.0984	.1041	105.4
3	-78	5.9	74	104.5	-16	-9.2	32	28.1	629.2	.1239	.1404	68.0
4	-31	-6.2	28	41.5	-36	-5.6	17	34.2	220.4	.1491	.2172	25.4
5	-40	4.5	40	42.6	-51	-2.5	23	48.2	205.8	.1330	.1962	25.5
6	-135	10	40	136.5	-25	-7.3	-32	25.0	731.8	.1164	.1236	100.7

Pos. No.	Maximum Seat Belt Loads (lbs.)	
	Right Belt	Left Belt
2	340	352
3	540 ***	720
6	755	785

Pos. No.	Maximum Seat Belt Loads (lbs.)	
	Right Femur	Left Femur
4	525	835
5	980	990
6	50	32

* Defined as exceeding .003 sec. duration
** As defined in CMVSS No. 208
*** Not Valid Data

Table 5

DUMMY INJURY CRITERIA VALUES
1984 CAMP-WAGON VAN CONVERSION

Pos. No.	Maximum Accelerations "Gs"								Head **			
	Head				Chest							
	X	Y	Z	R	X	Y	Z	R*	HIC	T1 Sec.	T2 Sec.	Ave. Acc
1	-357	-20	223	421.2	-29	7.8	33	32.5	2016.2	.0789	.0810	247.1
2	-280	-120	-64	307.3	-22	23	26	21.1	369.2	.1101	.1113	156.8
3	-132	-8	133	185.6	-27	-11	36	32.2	2195.0	.0822	.1029	102.4
4	-191	-56	-73	199.0	-48	32	25	42.0	946.2	.0990	.1092	97.0
5	-310	59	128	332.1	-53	17	38	37.8	1711.4	.1278	.1296	246.2
6	-161	-88	108	195.0	-21	16	30	24.4	607.3	.1092	.1158	96.7

Pos. No.	Maximum Seat Belt Loads (lbs.)	
	Right Belt	Left Belt
1	1350	1200
3	1645	1250
5	1450	1365

Pos. No.	Maximum Seat Belt Loads (lbs.)	
	Right Femur	Left Femur
4	1400	1400
5	65	110
6	1010	760

* Defined as exceeding .003 sec. duration
** As defined in CMVSS No. 208

Table 6

DUMMY INJURY CRITERIA VALUES
1984 THOMAS BUS

Pos. No.	Maximum Accelerations "Gs"								Head **			
	Head				Chest				HIC	T1 Sec.	T2 Sec.	Ave. Acc
	X	Y	Z	R	X	Y	Z	R*				
1	-313	19	76	322.1	-26	-8.0	35	40.1	2505.9	.0954	.0987	225.0
2	-216	-30	-58	223.3	-64	-13	16	47.9	893.6	.1104	.1137	149.0
3	-102	-16	78	125.3	+42	-18	35	38.6	1144.2	.1017	.1278	71.9
4	-109	-11	-60	116.2	-65	-8.0	24	59.8	741.2	.1140	.1240	86.0
5	-169	-24	58	179.8	-36	16	28	42.4	1173.7	.0981	.1050	123.7
6	- 97	8.4	54	97.7	-45	-5.0	18	44.9	494.2	.1017	.1152	66.9

Pos. No.	Maximum Seat Belt Loads (lbs.)	
	Right Belt	Left Belt
1	850	830
3	1890	1565
5	1190	1240

Pos. No:	Maximum Seat Belt Loads (lbs.)	
	Right Femur	Left Femur
4	1150	1315
5	70	275
6	650	770

* Defined as exceeding .003 sec. duration

** As defined in CMVSS No. 208

The following observations were made concerning the fuel system:

1) On the large Blue Bird bus, the chain which secures the filler cap to the tank became jammed in the pressure relief disc built into the cap (see photo #45). This in effect opened the gas tank to atmosphere. If rollover had occurred, a significant leakage of fuel would probably have occured.

2) On the Thomas Minotour bus, the gasoline tank is secured to the chassis while the filler neck and cap are secured to the body. A short length of rubber hose connects the filler neck to the gas tank. When the body shifted forward during the impact, this rubber hose separated from the tank (See photo #46). If even a partial rollover had occured, a major fuel spill would have happened.

3) During the van conversion collision, two of the three left side windows shattered early in the event. This resulted in a tremendous number of small shards of glass being hurled about the interior of the bus. This glass could easily become lodged in the occupants eyes and clothing, causing serious injury. (See photo #47) The windows on the right side of the vehicle remained intact.

ANALYSIS

School Bus Testing Program

Introduction

The analysis presented here deals with the results of the School Bus Testing Program. Much of the analysis is based on an upper limit for HIC of 1000. The HIC value is defined in Appendix A, clause (11). There is some question in the literature as to whether or not a HIC value of 1000 is a conclusive measure of serious head injury, particularly for children. More research is presently being conducted in this area. However, as discussed in the BACKGROUND section of this report, it is the best available measure for determining the possible severity of head injuries. For the bus crash program, the comparison between HIC values for belted and unbelted dummies provides an indication of the effect the seat belt has in increasing the severity of head injury. This, along with an analysis of the slow motion films, provides a good basis for the conclusions reached.

In general, the observations made regarding neck flexion, peak resultant acceleration and HIC values tend to support each other for the conclusions reached regarding head and neck injury potential. The head acceleration traces showed very severe peaks, particularly when the head of the dummy contacted the area of the seat containing the structural steel tubing. This is partly due to the fact that the ATD's used are very stiff. It also indicates that the foam padding over the support structure of the seat became fully compressed. The lighter head of the fifth percentile female ADT, relative to the standard fiftieth percentile adult male ATD, may also partly account for these sharp peaks.

The exact point of head contact with the seat back is very important. There may yet be improvements which can be made to the seat design in order to minimize injury as a result of head contact, whether or not seat belts are used.

The use of one ATD per seat in these tests somewhat limits the scope of the results since different ATD kinematics may have occurred if two or three had been placed in each seat.

Observations of the two unrestrained six year old ATD's on the large school bus showed a tendency to spread the forces of the impact over the body. The ATD's head impacted the seat back below the horizontal seat back frame member. It is expected that this size of child would be better protected by the "compartmentalization" concept than a larger child.

In addition to the criteria specified in CMVSS 222(11), CMVSS 208(18) specifies that in a 48 km/h frontal collision against a fixed barrier, the HIC must not exceed 1000. This clause also specifies that the resultant chest acceleration may not exceed 60g. This is the upper limit used to determine the acceptability of chest data.

The forces of the impact resulted in severe rear neck flexure for several ATD's. This reaction is also discussed in the following sections. There is, however, no criteria available to judge the possible severity of injury that could result from this bending. It is worth noting that the ATD neck is exceptionally stiff, much more so than that of a human.

1. Blue Bird Bus

A copy of the Arvin/Calspan test results, including data traces, is contained in Appendix E.

ATD Position #1 - (unrestrained, LH front, 533mm seat spacing)

During the collision, the dummy's knees, chest and head struck the restraining barrier. The dummy's head was rotated rearward, as a result of striking the top of the barrier. The rotation, however, was only slight. The dummy experienced a resultant chest acceleration of 60.4g which is marginally above the limit of 60g. Due to a technical problem with the instrumentation, the head acceleration was not valid. It is estimated that the HIC value would have been relatively low. (See photo #5)

ATD Position #2 - (restrained, RH front, 533mm seat spacing)

During the collision, the barrier in front of this dummy moved rearward approximately 380mm and upward. This was due to the shift of the bus body on the chassis. The dummy slid approximately 254mm along the seat cushion before being pivoted about the lap belt. The knees and head contacted the barrier. The head made contact with the top rear edge of the barrier at about eye level. This resulted in the head being rotated rearward approximately 90° to the torso. (See photo #6)

The resultant head acceleration was 217.6g. The HIC was 649, well below the limit of 1000. The resultant chest acceleration was 40.8g, also well below the limit of 60g.

ATD Position #3 - (restrained, LH centre, 690mm seat spacing)

The knees of the dummy made slight contact with the seat back in front. The dummy pivoted about the seat belt and struck its head at about the forehead level, approximately 100mm below the top edge of the seat back. The head pivoted slightly to the rear. (See photo #7 & 8)

The resultant head acceleration was 104.5g. The HIC was 629 and the resultant chest acceleration was 28.1g.

ATD Position #4 (unrestrained, RH centre, 690mm seat spacing)

The dummy slid forward and the knees made contact with seat back in front. This contact appeared to be sufficient to dislodge the seat cushion from the seat in front. The dummy's neck contacted the top of the seat back. On rebound, the dummy struck the front edge of the seat cushion with the small of its back. It then rotated in-board and ended up laying in the aisle. (See photo #9)

The resultant head acceleration was 41.5g. The HIC value was 220, and the resultant chest acceleration was 34.2g.

ATD Position #5 - (unrestrained, LH rear, 610mm seat spacing)

The dummy slid forward on the seat. The knees and chest made contact with the seat back in front. The chin and neck of the dummy contacted the top edge of the seat back. (See photo #10 & 11)

The resultant head acceleration was 42.6g. The HIC value was 205 and the resultant chest acceleration was 48.2g.

ATD Position #6 - (restrained, RH rear, 610mm seat spacing)

This dummy pivoted about the lap restraint. Neither the knees nor the chest contacted the seat back in front. The head, however, made full facial contact with the seat back starting with the forehead striking the rear top edge of the seat back. This resulted in the head rotating rearward approximately 75° in relation to the torso. (See photo #12 & 13).

The resultant head acceleration was 136.5g. The HIC value was 731 and the resultant chest acceleration was 25.0g.

ATD Positions #7 & #8 - (unrestrained, LH centre, 508mm seat spacing)

These two dummies were 6 year old child type and were uninstrumented. The were placed in the seat ahead of ATD #3. The seat spacing was as installed at the factory.

Both dummies slid forward with the knees, chest and facing making contact with the seat back. The dummies tended to stand up spreading the force of the impact over the upper torso. They rebounded onto the seat and ended up sitting on the front edge of the seat cushion (see photo #14).

The values for head acceleration and chest acceleration were not recorded. However, the effect of the impact on these two dummies did not appear to be very violent. The dummies were retained within their seating compartment.

General Comments

During the collision, the bus body slid forward on the chassis rails approximately 775mm. (See Photo #3) This motion undoubtedly absorbed much of the energy of the collision. However, in doing so, the front right side door was rendered inoperable for evacuation purpose (see photo #2). The hood of the vehicle penetrated the windshield. With the windshield encroaching from the front and the body sliding forward, the driver's compartment was severely crushed. It is doubtful if the driver would have survived this collision.

The spring which holds the relief disc shut in the gasoline filler cap became wedged between the cap body and the disc during the collision (see photo #45). This undoubtedly would have resulted in a major fuel spill if the bus had rolled over.

The force of the collision also caused both rear leaf springs to break in the area of the front spring eye.

The rear emergency door and both side emergency windows were operable after the crash. All of the side windows remained intact. There were no joint separations in the bus body. The integrity of the passenger compartment was maintained.

2. Campwagon Bus

A copy of the Arvin/Calspan test report, including data traces, is contained in Appendix F.

ATD Position #1 - (restrained, LH front, 533mm seat spacing)

The dummy slid forward on the seat approximately 254mm before pivoting about the lap belt. The knees made contact with the restraining barrier. The pivoting torso struck its forehead on the top rear edge of the restraining barrier. The head was rotated approximately 45° rearward in relation to the torso. (See photos #17, 20 & 21).

The resultant head acceleration was 421.2g. This resulted in a HIC value of 2016, and a resultant chest acceleration of 32.5g.

The contact of the dummy's knees and head with the barrier caused the lag screws which secured the barrier leg to the floor, to start withdrawing from the floor.

ATD Position #2 - (unrestrained, RH front, 533mm seat spacing)

This dummy slid forward and the knees and head contacted the restraining barrier. The force of this contact caused the lag screws which held the leg of the barrier to the floor to withdraw. The aisle side part of the barrier was deflected toward the outboard side of the bus. The dummy continued its forward motion until its head contacted the dash. The dummy then rotated to an upside down position and ended up resting on the door operating mechanism (see photo 18, 21 & 22).

The resultant head acceleration was 307.3g. The calculated HIC value was 369 and the resultant chest acceleration was 21.1g.

ATD Position #3 - (restrained, LH centre, 680mm seat spacing)

This dummy slid forward approximately 254mm before pivoting about the seat belt. The knees made contact with the seat back in front. The upper torso pivoted about the lap belt, causing the head to contact the seat back approximately 250mm down from the top. The face of the dummy became buried in the seat back as the head rotated rearward. (see photo #17 & 23). The head was rotated rearward approximately 90° with respect to the torso.

The resultant head acceleration was 185.6g. The HIC value was 2195, one of the highest values recorded and more than double the limit of 1000. The resultant chest acceleration was 32.2g.

ATD Position #4 - (unrestrained, R.H. centre, 685mm seat spacing)

This dummy slid forward on the seat cushion. When the knees contacted the seat back, the dummy pivoted about the hips and made head contact at about eye level with the top rear edge of the seat back. Final head contact was from the nose to the chin. The dummy then stood up. While it was rebounding, in a near vertical position, its head made contact with the sidewall of the raised roof portion of the van. The dummy rebounded onto its seat and laid down toward the aisle (see photo #18, 19 & 23).

The resultant head acceleration was 199.0g. This motion resulted in a HIC value of 946. The resultant chest acceleration was 42.0g.

ATD Position #5 - (restrained, L.H. rear, 615mm seat spacing)

This dummy pivoted about the lap belt. The 55 Kg ballast, which was secured to the seat frame in front of this dummy position, was sufficient to cause the three lag screws holding the rear seat leg to the floor to withdraw and to cause the seat back to deflect forward (see photo #49). The dummy pivoted about the lap belt but because of the seat back deflection, did not contact the seat back. It did pivot enough to make head contact with its own lower legs at 125 milliseconds. (See photos #17, 25 & 26)

The resultant head acceleration was 332.1g. The calculated HIC value was 1711. This, however, is an unrealistic value since contact was made with the dummy legs only. The resultant chest acceleration was 37.5g.

ATD Position #6 - (unrestrained, R.H. rear, 615mm seat spacing)

This dummy slid forward and made knee and full facial contact approximately 75-100mm below the top of the seat back. The force of the knees caused the aisle side seat leg to break where it joins the floor mounting foot (see photo #48). This caused the seat back to be rotated outboard. As a result the dummy was rotated to the right and rebounded into the centre aisle (see photo #19, 25, 26 & 27)

The resultant head acceleration was 195.0g. The calculated HIC value was 607 and the resultant chest acceleration was 24.4g.

General Comments

During the impact, the left front side window and left rear side window shattered. A tremendous amount of broken glass was hurled about as a result of this. The drivers door was not operable after the collision but the passenger side door was. The rear emergency door was operable after the collision. There was no evidence of fuel spillage.

3. THOMAS MONITOUR I BUS

A copy of the Arvin/Calspan test report, including data traces, is contained in Appendix G.

ATD Position #1 - (restrained, L.H. front, 533mm seat spacing)

The dummy slid forward approximately 254mm before pivoting about the lap belt. The knees made contact with the barrier. The forehead contacted the top rear edge of the barrier which caused the head to rotate rearward approximately 90° in relation to the torso. The dummy's shoulders also made contact with the barrier. (see photo #32 & 36).

The resultant head acceleration was 322.1g. The HIC value was 2505, the highest recorded during this program and more than 2½ times the limit of 1000. The resultant chest acceleration was 40.1g.

ATD Position #2 - (unrestrained, R.H. front, 533mm seat spacing)

This dummy slid forward during the impact. The knees, chest and head made contact with the barrier. Head contact occurred at about nose level with the upper rear edge of the barrier. The seat cushion became dislodged as a result of knee loads imposed by the dummy behind position #2. As a result, upon rebound, the dummy ended up laying partially in the aisle (see photo #33 & 37).

The resultant head acceleration was 223.3g. The HIC value was 893, and the resultant chest acceleration was 47.9.

ATD Position #3 - (restrained, L.H. centre, 680mm seat spacing)

This dummy pivoted about the seat belt after sliding slightly on the seat. The knees made minimal contact with the seat back. The head made full face contact with the seat back starting with forehead contact approximately 100mm below the top edge of the seat back. This resulted in the head rotating rearward approximately 60° with respect to the torso. (See photo #32 & 38)

The resultant head acceleration was 125.3g. The calculated HIC value was 1144 and the resultant chest acceleration was 38.2g.

ATD Position #4 - (unrestrained, RH centre, 680mm seat spacing

This dummy slid forward and contacted the seat back with its knees, chest and head. The head contacted the top of the seat back with its mouth and chin. (See photo #33 & 39). The force of the knees caused the seat cushion on the seat in front to become dislodged. The dummy rebounded and sat down on the seat.

The resultant head acceleration was 116.2g. The calculated HIC value was 741 and the resultant chest acceleration was 59.8g.

ATD Position #5 - (restrained, L.H. rear, 610mm seat spacing)

This dummy slid approximately 250mm along the seat before pivoting about the lap belt. The knees did not contact the seat back. The head contacted the seat back and rotated rearward in excess of 90°, relative to the torso. The forehead made initial contact with the rear top edge of the seat back. As the head rotated, the dummy's face contacted the seat back. During the head contact phase, the seat back started to rebound rearward. This rebound put compressive forces on the already severely bent neck of the dummy. (See photos #34 & 40).

The resultant head acceleration was 179.8g. The calculated HIC value was 1173, and the resultant chest acceleration was 42.4g.

ATD Position #6 - (unrestrained, R.H. rear, 610mm seat spacing)

The interior camera used to record the dynamics of this dummy did not function during this test. However, the cameras which recorded the vehicle motion did provide some details of the dummy movement.

This dummy slid forward and contacted the seat back with its knees, hard enough to deform the lower portion of the seat back. The dummy then pivoted about the hips and struck its lower face on the top edge of the seat back (see photo #35 & 41).

The resultant head acceleration was 97.7g. The calculated HIC value was 494, and the resultant chest acceleration was 44.9g.

GENERAL COMMENTS

A 50th percentile, uninstrumented, adult male test dummy was installed in the drivers seat. It was restrained in place with the type II* seat belt supplied with the vehicle chassis. During the collision, the steering wheel was displaced vertically upward. The head of the driver pivoted downward and struck the centre of the steering wheel. The femurs of the dummy became jammed under the dash panel. It is judged that the driver would have suffered serious injury or death. (See photos #43 & 44).

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* A type II seat belt is a combination pelvic and upper torso restraint assembly.

During the collision, the bus body shifted approximately 381mm along the chassis rails (see photo #31). The window in the driver's door was cracked but the door was operable.

The right hand front entry door flew open early in the crash event. It was open at the conclusion and could have been used for evacuation purposes. The side emergency window exits and rear emergency door remained operable after the collision. There were no body joint separations.

This particular vehicle design has the fuel tank secured to the chassis and the filler cap and neck secured to the body. There is a short length of rubber hose which connects the two. When the body shifted forward, this rubber hose became separated from the fuel tank (see photo #46). The fuel tank was thus open to the atmosphere and a serious leak would have occurred if the vehicle had tipped or rolled.

The highest HIC value recorded was at ATD position #1, behind the driver. The bus body becomes wider behind the driver and there is a bulkhead approximately twelve inches wide between the body and the chassis cab. The restraining barrier, which is installed ahead of the first row of seat, is behind this bulkhead at the driver's side. During the collision, this bulkhead acted as a rigid surface to prevent the barrier from deflecting forward and absorbing the energy it was designed to absorb. This rigid bulkhead probably contributed to the high HIC value calculated for dummy #1.

CONCLUSIONS

1. The passive occupant restraint system (compartmentalization) required by CMVSS 222 since 1980 functions as intended during frontal impacts and provides excellent protection for occupants.

2. The use of a type I seat belt system in any current design of school bus may result in more severe head and neck injuries for a belted occupant than an unbelted one, in a severe frontal collision.

3. The use of lag screws to attach seats/barriers to the bus floor should be examined.

4. The body shift along the chassis during a frontal collision presents a life threatening hazard to the bus driver.

5. The body joint strength regulation (CMVSS 221) is adequate to prevent joint separation in a school bus with a GVWR $>$ 4500 kg during a frontal collision.

6. The window retention regulation (CMVSS 217) should be reviewed to determine if a minimum force should be applied to the windows before they are permitted to shatter or become dislodged from their frame.

7. The femur loads measured on ATD 4,5 and 6 were well below the limit of 2500 lbs.

8. There are few statistics available concerning school bus accidents. Further collection and analysis of such data should be pursued. In particular, the direction of impact with the bus and the type of injuries encountered should be documented more fully.

STATEMENT OF LAURA G. SCHWARTZ, VICE PRESIDENT, NATIONAL COALITION FOR SEAT BELTS ON SCHOOL BUSES

My name is Laura Schwartz. I am Vice President of the National Coalition for Seat Belts on School Buses. I'm also an Illinois parent.

There seems to be confusion as to how compartmentalization works. I'd like to clarify a few points. Opponents of seat belts have stated that compartmentalization between high backed padded seats offers sufficient protection. You are supposed to remain in the compartment. Let's examine this closely.

Because of Newton's 2nd and 3rd Laws of Motion, during a collision the body in a moving vehicle will move toward the point of impact and then in the opposite direction.

Imagine that this chair represents the high back padded school bus seat. In a frontal collision the body goes forward and then back. In a rear end collision the body goes back and then forward. In a lateral collision the body goes toward the direction of the hit and then in the opposite direction. Your seating position influences where you land and what you impact.

That leaves the rollover accident which occur nationally in 14% of all school bus accidents because of ~~the~~ school buses' higher center of gravity. As the bus tips it's obvious to see the results. In Kansas this past October a little girl's body was thrown from one end of the bus to the other. Her arm flew out the window and was crushed and had to be amputated because the bus rolled over on it.

Compartmentalization functions best during the frontal collision. This is an extremely important point. The compartmentalized 222 seat has only been tested for its frontal collision performance. Recently another study was performed in Canada and again the 222 seat was tested for its effectiveness in a frontal collision. School buses travelling 30MPH were crashed head-on into 181 metric tons of concrete. This type of crash is extremely rare. The results of the test show that the belted dummies in the large buses received forces to the head below the danger level. These head readings were exagerrated because the spines of the dummies were rigid and caused a lever pivoting action from the hips. This increased the head acceleration. In a real human the head and chest move separately thus reducing the forces to the head. The severe rearward neck flexure of the dummies due to the rigidity of the dummies' spine is not representative of the real world. According to the National Spinal Cord Injury Institute, spinal cord injuries are rare for children 14 and under in motor vehicle accidents because of the flexibility of the human spine. The AMA, AAP and the American Academy of Orthopaedic Surgeons support seat belts on school buses. They won't alter their position because 6 rigid dummies in a Canadian study experienced greater forces to their heads.

The study disregarded the effects of lateral, rearend and rollover accidents.

We aren't opposed to compartmentalization, but what we have is incomplete. The prototype UCLA compartmentalized seat had a padded side arm, higher back and a more energy absorbing seat back. School buses today have a watered down version of the UCLA seat. This is a true compartment. (Show carton of eggs). What we need to do is to guarantee that the kids stay in this compartment during a collision. That's what a seat belt will do.

School bus contractors have stated that they are businessmen and that seat belts would increase their profits, so why wouldn't they want to install them. However, a wise businessman also knows his market. The market is composed of school boards and pupil transportation directors who have consistently opposed the installation of seat belts on school buses. That would be the same as a car manufacturer manufacturing purple cars even though he knows the public won't buy purple cars. Also, for a contractor to say that he will earn high profits from seat belts is a misleading statement. Seat belts are a low cost item.

Opponents of seat belts fear that students will be trapped in a burning school bus. We can set your minds at ease because fires occur in less than 1/2 of 1% of all motor vehicle accidents. During the rare occurence of a fire, the best situation to have is a bus full of seat belted children who are conscious and alert and haven't been thrown into the aisle and thus are able to quickly evacuate the bus. Case in point, in 1984 a Montana school bus without seat belts caught fire after a collision. The coroner's report stated that all fatalities were caused by injuries sustained from impact, not as a result of the fire. The sherrif's department reported that several unconscious and injured passengers had to be thrown out the rear emergency door by heroic classmates who had stayed behind. If not for the bravery of the rescuers how many more would have perished?

Once again the key to a safe quick evacuation is conscious passengers with minimal injuries. Seat belts could be of enormous value in these situations.

Asking for seat belts in school buses is not a new idea. Smaller Type II buses (Show picture) have had seat belts since 1977.

The success of our 4 Illinois school bus seat belt programs speaks for itself- no insurance problems, no seat belt weaponry, high usage rates and the drivers like the seat belts because the kids are quieter and better behaved. Driver error is the number one cause of school bus accidents. Seat belts create a calmer environment which allows the driver to concentrate better on the students in the danger zones outside of the bus. Two Illinois programs function with monitors, two don't. The primary function of the monitors is to cross the children outside of the bus and prevent them from being run over by their own bus or another motor vehicle.

Why do we need a law? The Federal government states that any school district is free to install seat belts and that if seat belts are used, they will provide additional safety.

We need the law for these reasons. First, the law will protect the consumer. The installation standards in HB 1 ensure that a well intentioned school district ordering seat belts will receive a proper installation. Without a law school bus distributors can and have installed stock-piled parachute belts of improper lengths on school buses.

Secondly, the law will make buses with belts available to the Illinois consumer. Presently it's nearly impossible to find a school bus with properly installed belts. The law will make belts available for all children, not just those in school districts with extra funds.

In addition to injury reduction, another big pay-off of providing seat belts on school buses is seat belt usage education and habit formation. Between 11% and 14% of the American population wear seat belts. Children have few role models to follow. By not providing seatbelts we commit the silent crime of negative education. We tell kids that there are few school bus fatalities, so belts are unnecessary. Kids interpret this lesson to mean that they are indestructable and that they won't be injured in any motor vehicle as long as it has padded seats. ~~Here are~~ Here are the Illinois statistics for fatalities and injuries in automobile accidents for school age children. (Show statistics chart)

Seat belts in school buses offer an excellent opportunity to teach children the life-saving habit of buckling up. This positive training will carry over to the family car and protect children from their number one killer-the automobile accident. We have the power to reduce these numbers.

My youngest daughter who was raised under the Illinois Child Restrain law and who has never ridden in a motor vehicle without being restrained will ride a school bus for the first time next fall. If you support HB 1, she won't come home from home school and ask, "Mommy, who took the seat belts out of the school bus?"

Seat Belts in School Buses

Laura G. Schwartz, Francine Klenetsky

Today, in America, nearly every child under the age of five is required by law to be secured in either a car seat or a child restraint device when riding in an automobile. However, nearly every child is denied the right to this same extra margin of protection when being transported to school in a large school bus. The massive lobbying efforts of the school bus industry and the laissez-faire attitude of the National Highway Traffic Safety Administration have successfully discouraged the installation of seat belts in school buses. Fortunately, there is a growing grassroots movement across the country to combat the arguments espoused by these negative forces.

ARGUMENTS PRO AND CON

Americans have been told by the school bus industry and the National Highway Traffic Safety Administration that, because of the improved higher padded design of the school bus seat, seat belts are unnecessary. Americans have been told that this passive compartmentalization will protect the child passenger during a collision. The parents of children who have been reared under the child restraint laws do not accept that type of reasoning. On the contrary, it is because the seats are higher and padded that seat belts will work better. Compartmentalization is an inadequate excuse for not installing seat belts.

Eight model years of school buses have been built since the implementation of improved standards, enacted in 1977 by the federal government, but there has not been a significant reduction in school bus injuries. National Safety Council statistics reveal 4,100 injuries for 1971 compared to 4,200 injuries for 1982. Furthermore, unbelted children have little lateral collision protection and no rollover protection; rollovers account for 14% of all school bus accidents. During a crash, children become human missiles as they are thrown from their seats, into each other, into the unpadded areas of the bus, and into the aisles, thus blocking the quick evacuation of others. A school bus has the potential for multiple injuries.

While it has been said that school buses are the safest vehicles on the road and that they are 37 times safer than an automobile, there are other statistics that refute these statements. Statistics for school bus accidents are unreliable as each state has its own system to decide how and what school bus accidents to report. For example, California claimed only five pupil passenger deaths in the past decade. The state did not include the 29 passengers of a school bus who were killed in Martinez, Calif., in 1976 because the students were on a field trip.

Americans have been told that seat belts in school buses are not cost effective and that communities should weigh the need for them by examining the local school's safety record. However, even in school districts with the best safety records, the performance of the other driver can not be predicted; accidents can not be predicted. The cost of seat belts averages between $1,200 and $3,000 for each bus, bringing the cost to about 75 cents for each child each year on a 66-passenger bus that lasts 13 years and transports more than one "set" of passengers each day.

The argument espoused by opponents that seat belts will injure the undeveloped bodies of small children is another factual misrepresentation. If seat belts injure children, why are there child restraint laws in almost every state? Why are there seat belts in school buses weighing less than 10,000 pounds? Why do the American Medical Association, American Academy of Orthopaedic Surgeons, and the American Academy of Preventive Medicine support the installation of seat belts in school buses?

RECENT DEVELOPMENTS

About 10 months ago, the National Coalition for Seat Belts on School Buses was formed to coordinate seat belt installation efforts throughout the country. NCSBSB National Director Carol Fast has spent 12 years working to improve school bus safety and the organization presently has 31 regional coordinators in states from Alaska to Florida. The following areas of the country are now successfully operating large, Type I school buses with seat belts: Ardsley, Greenburgh, and Port Jefferson Station (Long Island), NY; Hartland, Vert.; Dalton, Geo.; Manchester and Marblehead, Mass.; Oxford, Mich.; West Orange and West Windsor-Plainsboro, NJ; Pleasant Hills and Klamath, Ore.; Catalina Foothills, Ariz.; and Wilmette, two districts in Skokie, and Glencoe, Ill. Rochester, Mich., will have seat belts in 1986.

Illinois has four school districts operating school buses with seat belts. No rider has used the belts as weapons, and usage rates approach 100%. The buckles are lightweight and easy to operate; fingers do not get caught in them. Tripping hazards have been eliminated through the installation of shorter ends in the aisle position. Furthermore, belts are attached to the posterior seat frame and not to the floor of the bus. The belts are color-coded, allowing the children to quickly locate their appropriate belt. Two of the districts retrofitted their buses with seat belts, while two districts had their belts factory-installed. None of the districts had any difficulties obtaining insurance.

Two Illinois districts have bus monitors, while the other two districts use parent volunteers the first three days of school to help acquaint the students with the seat belts. The primary function of the monitors is to help the children cross outside the bus and prevent them from being injured by their own bus or another motor vehicle. Illinois bus drivers have noted a substantial improvement in the behavior of their passengers. Students are quieter. Since driver error is the most frequent cause of school bus accidents, the calmer climate produced by seat belt usage allows drivers to concentrate better on their driving and observe more carefully the students in the danger zones outside the bus. Furthermore, seat belts make it more difficult for students to stand up and stick their heads out of bus windows. A student in Tennessee was decapitated by an electrical cable after sticking his head out of a school bus window.

EDUCATIONAL VALUE

This grassroots force of parents throughout the country recognizes the educational function seat belts can play in school buses. Since only 11% to 14% of the American population wear seat belts, children have few role models to follow. Seat belts in school buses offer an excellent opportunity to train children in their use and to teach them this life-saving habit. This positive training will carry over to the family car and protect children from their number one killer — automobile accidents. For more information about this topic, contact: National Coalition for Seat Belts on School Buses, P.O. Box 781, Skokie, IL 60076.

Laura G. Schwartz, BA, MSEd, Vice President for Membership; and Francine Klenetsky, Vice President for Plans and Programs, P.O. Box 781, Skokie, IL 60076, are members of the National Coalition for Seat Belts on School Buses.

SEATBELTS IN SCHOOL BUSES

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, January 28, 1985

● **Mr. KOSTMAYER.** Mr. Speaker, today I reintroduced legislation that would provide States with a financial incentive to require the installation of seatbelts in new school buses. I want to congratulate the National Coalition for Seatbelts in School Buses for all of their work in this field and would like to insert into the CONGRESSIONAL RECORD excerpts from an article from one of its recent newsletters.

SEATBELTS IN SCHOOL BUSES

RATIONALE

Seatbelts in school buses serve two functions. The first purpose is to reduce the number and extent of injuries. Although 8 years have passed since the National Highway Transportation Safety Administration enacted stricter school bus design standards, a significant reduction in injuries has not resulted. The National Safety Council statistics reveal 4,100 injuries for 1971 and 4,200 for 1982. Unbelted children have little lateral collision protection, no rollover protection and during a crash they can become human missiles as they are thrown into each other, into the unpadded areas of the bus, and into the aisles, thus blocking quick evacuation.

The second function seatbelts in school buses serve is the education of the children in seatbelt usage. Between 11 percent and 14 percent of the American population wears seatbelts. Children have few role models to follow. Seatbelts in school buses offer an excellent opportunity to teach children the life-saving habit of wearing a seatbelt. This positive training will carry over to the family car and protect children from their number one killer—the automobile accident.

EXISTING PROGRAMS

The following areas in the country contain school districts operating Type I school buses with seatbelts for each passenger:

Ardsley, Greenburgh, and Port Jefferson Station, NY.
Hartland, VT.
Dalton, GA.
Manchester and Marblehead, MA.
Oxford, MI.
West Orange and Plainsboro, NJ.
Pleasant Hill and Klamath, OR.
Catalina Foothills, AZ.
Wilmette, Skokie, and Glencoe, IL.

Rochester, MI, will have seatbelts in school buses sometime this year.

THE ILLINOIS PROGRAM

Illinois has four school districts operating school buses with seatbelts. No one has used the belts as weapons and usage rates are extremely high. The buckles are light-weight, easy to operate, and fingers don't get caught in them. Tripping hazards have been eliminated through the installation of the shorter end of the belt in the aisle position. Furthermore, belts are attached to the posterior seat frame and not to the floor of the bus. The belts are color-coded allowing the children to quickly locate their appropriate belts.

Two of the districts have bus monitors, while the other two districts used parent volunteers the first few days of school to help acquaint the students with the seatbelts. The primary function of the monitors is to watch the children outside of the bus and prevent them from being run over by their own bus or another vehicle. Several of our reports indicate that bus drivers have noted a substantial improvement in the behavior of their passengers. Driver error is a frequent cause of school bus accidents and the calmer climate produced by seatbelt usage allows delivers to concentrate better on their driving and observe more carefully the students in the danger zones outside the bus.

Seatbelts make it more difficult for a student to stand up and stick his head out of a bus window. A student in Tennessee was decapitated by an electrical cable when he stuck his head out of the school bus window.

The U.S. Department of Transportation has been actively encouraging seatbelt usage in automobiles, the installation of seatbelts in new school buses is a logical extension of this commitment.●

STATEMENT OF SALLY A. KIRKPATRICK, SENIOR LEGISLATIVE COUNSEL, ALLIANCE OF AMERICAN INSURERS

The Alliance of American Insurers is pleased to be able to offer our comments on Federal Motor Vehicle Safety Standard 208, and more particularly on the Department of Transportation's proposed "National Occupant Protection Program."

The Alliance is a trade association comprised of more than 175 property and casualty insurance companies that wrote over $5.6 billion of automobile insurance premiums nationwide in 1984. The Alliance has traditionally been involved in loss control issues. Through our member companies, we have worked to reduce the death toll on our nation's highways through research aimed at increasing the safety mechansims available on automobiles such as safety glass, padded dashboards, collapsible steering columns, and passive restraints. In short, the Alliance has made a major priority the attainment of safer automobiles for the American consumer.

The Alliance has supported the Department of Transportation's promulgation of safety standards, including FMVSS 208, and has repeatedly testified before the Congress and the DOT to offer our support during deliberations on safety issues.

The Alliance strongly supports the Department of Transportation's proposed "National Occupant Protection Program" which this committee is now reviewing. Because of the significant immediate potential for human life and economic savings, the Alliance believes mandatory seat belt laws should be enacted throughout the United States. While we support mandatory seat belt laws it is our hope that such laws will not serve to reverse the move for installation of air bags and other passive restraints in automobiles. We believe the mandatory requirement for belts will complement the technology of passive restraints.

Our association believes that both air bags and seat belts are needed for optimum protection for automobile passengers. The Alliance regrets the Department of Transportation's ruling requiring an "either/or" option on seat belts and passive restraints. In practical terms, however, seat belts are an effective tool -- available now at no extra cost -- to save lives. Thus, the Alliance and our 177 insurance companies choose swift and certain life saving benefits now, rather than the promise of future, perhaps elusive, action on passive restraints.

Alliance President Frank Nutter explained the association position in his July 18, 1984, letter to DOT Secretary Elizabeth Dole, as follows:

> "For some time, the Alliance has actively promoted state-level mandatory seat belt legislation as well as a federal passive restraints standard. Because research has shown that the combined use of seat belts and air bags provides the most effective protection against auto accident injuries, we are committed to work toward both ends.
>
> We do have concern with the decision's "either/or" approach on the seat belts/air bags issue. The optimum safety goal should be concurrent use of these complementary technologies. Practically speaking, each one presents an independently worthy cause for reducing the highway death toll." (Full text attached.)

The Alliance position is to support all seat belt bills, including those which contain mitigation of damage clauses, sunset provisions, performance standards or other related provisions or amendments. The Alliance will work to enact viable legislation which may not comply with the DOT requirements; as well as legislation that does comply with the DOT FMVSS 208 standard.

In practical terms, we want people to "buckle up now" regardless of the type of belt usage law.

To those people who say it is a matter of personal freedom, we say that is a cliche that rings hollow when society must bear the cost of medical care and income replacement.

To those critics of mandatory seat belt laws, who say "I'd rather be thrown clear and avoid the crash altogether," we reply that being thrown clear into a haystack or snowdrift may work out. Unfortunately, most people land on pavement, sometimes after flying as far as 150 feet.

If persons thrown from the auto are not killed on impact, they risk being run over by following traffic. Statistically, the chances of being killed are over 25 times greater than of being thrown clear.

The Alliance believes driving is a privilege, not a right. Drivers who fail to wear seat belts impose great potential economic and social costs on other citizens and insurance consumers. The National Safety Council reports that the national average economic costs of auto accidents, excluding property damage costs, are:

- $203,700 for accidents involving fatalities;

- $7,224 for accidents with injuries but not fatalities; and
- $886 for accidents with nondisabling injuries.

Additionally, in 1983, 44,600 persons died in motor vehicle accidents, and about 1,600,000 individuals suffered disabling injuries. If all passenger car occupants use seat belts at all times, then it is estimated that 12,000 to 15,000 lives could be saved annually. (National Safety Council, Accident Facts: 1984 Edition, pp. 40 and 53.)

Nationally, annual economic losses from traffic deaths and injuries attributed to non-belt use have been estimated at $15 billion dollars. This figure includes medical and hospital expenses, funeral costs, welfare payments, legal expenses and nearly 11 million person-days of work lost. (Business Insurance, August 6, 1984, "Perspective" column -- Motor Vehicle Manufacturers Association.)

The Alliance believes that seat belt laws are needed because despite vigorous public awareness campaigns by the government and private safety organizations Americans still do not use belts. A graphic example of the failure of these public information programs occurred in 1977 in Michigan, a state that has long been a leader in highway safety programs.

Motorists Informations, Inc., an organization formed by the major U.S. automakers, spent some $1.75 million on a media blitz in the Detroit area to promote belt use. When the Department of Transportation measured the effectiveness of the 10-week campaign, which used both the electronic media and billboard ads, it concluded that there was "no response" to the effort. In fact, in one of the cities studied, belt use actually declined by one percent. In March of 1980, the National Academy of Sciences in a report to the DOT concluded that "past attempts to promote seat belt use have not been particularly successful."

Seat belt laws, on the other hand, have worked in the Canadian provinces and 30 countries where they have been enacted. A study of these laws conducted by the American Seat Belt Council found that, when coupled with enforcement, seat belt laws are highly effective in reducing the deaths, injuries, and societal costs of motor vehicle accidents.

Great Britain, for example, appears to have had the most success with mandatory seat belt laws. Its mandatory seat belt law, which took effect in 1983, increased use rates from 40 percent before the law to 95 percent after the law. Front seat occupant fatalities reportedly were reduced by 23 percent and injuries by 26 percent.

Conclusion

In conclusion, Mr. Chairman, the Alliance believes that the proposed DOT "National Occupant Protection Program" is strongly needed and should be approved by the Congress. The saving of lives and the prevention and reduction of injuries from automobile accidents should be a priority issue for all Americans.

The Alliance believes that the DOT program is an appropriate use of federal funds, and has been specifically designed to enhance and support the activities currently taking place in the states. DOT can provide valuable information and data, can serve as a clearinghouse for the states, and by coordinating the activities of the states can avoid needless duplication of efforts and reduce expenses. By supplementing state activity, DOT can encourage and promote the states to use their resources in the most productive and efficient manner possible.

Finally, the Alliance believes that unless the states pass mandatory belt use laws there will be no appreciable increase in belt usage. As numerous studies have shown, media campaigns alone will not raise usage levels. Enactment of mandatory belt use laws is necessary to achieve that goal.

I am also submitting for the record a copy of an Alliance brochure "Six Myths About Seat Belts" and an article from the Journal of American Insurance, an Alliance publication, that further explains our views.

LETTER FROM FRANKLIN W. NUTTER, PRESIDENT, ALLIANCE OF AMERICAN INSURERS

The Honorable Elizabeth Hanford Dole
Secretary
U.S. Department of Transportation
Room 5220, Nassif Building
400 Seventh Street, N.W.
Washington, D.C. 20560

July 18, 1984

Dear Secretary Dole:

On behalf of the 170 insurers represented by the Alliance, I commend you on your July 11th decision to improve life safety on our nation's highways now. For some time, the Alliance has actively promoted state-level mandatory seat belt legislation as well as a federal passive restraints standard. Because research has shown that the combined use of seat belts and air bags provides the most effective protection against auto accident injuries, we are committed to work toward both ends.

We do have concern with the decision's "either/or" approach on the seat belts/air bags issue. The optimum safety goal should be concurrent use of these complementary technologies. Practically speaking, each one presents an independently worthy cause for reducing the highway death toll.

With such practical considerations in mind, let me express to you the Alliance's continuing commitment to work for increased seat belt usage, through both enactment of state mandatory seat belt laws and ongoing nationwide educational efforts.

Once you have established a fund raising mechanism, the Alliance stands ready to make a financial contribution to help kick off the educational campaign described in your recent passive restraints announcement. In addition, we would be pleased to make available staff resources and expertise to assist in furthering passage of state mandatory seat belt laws and in alerting citizens generally to the benefits of buckling up.

To date, the Alliance has participated actively in state seat belt coalitions, including New York's recent successful campaign. We will continue to do so, fully aware that in the interim, auto manufacturers are obligated by your ruling to phase-in air bags technology.

It is our hope that this incremental approach to passive restraints, in combination with mandatory seat belt laws, will not deter installation of air bags in new automobiles. Instead, we hope your ruling will provide impetus to resolve many of the concerns about cost and technology which have prevented them from becoming widely available.

Sincerely,

Franklin W. Nutter
President

SIX MYTHS ABOUT SEAT BELTS

Comfort and convenience are probably two of the principal reasons why some people don't use the seat belts in their cars, a personal consideration that ignores the sad and costly consequences if an accident occurred.

But there are six other reasons often cited too. And each of them is a false assumption — a myth.

1 *Myth*: Seat belts are unnecessary for short trips.

Fact: More than 70 percent of injury-causing traffic accidents occur within 25 miles of home, says the National Safety Council. Over 80 percent of all collisions happen at speeds under 40 mph. People who were not wearing seat belts have even been killed in accidents that occurred at speeds as low as 12 mph — about the speed you would be driving in a parking lot.

2 *Myth*: Seat belts trap people inside cars, and I'd rather be thrown clear.

Fact: "Thrown clear" is a misnomer. Being thrown from a vehicle usually means flying through the windshield, or catapulting out a door. The force of a collision can fling you as much as 150 feet onto a roadside object, into the path of oncoming traffic or scraping along the pavement. For these reasons, if you are thrown from a vehicle in an accident, your chances of being killed are 25 times greater. What's more, instead of being trapped, belted occupants are likely to be conscious and unhurt, and therefore better able to escape in the rare situations where fire or submersions are added dangers.

3 *Myth*: Seat belts cause injuries.

Fact: Study after study in the United States and abroad show a substantial decrease in the number of serious injuries in actual auto accidents among those who are belted versus those who aren't. In the rare instances where injuries due to belts have been reported, either the belt was inappropriately worn, or the crash was so severe the occupants would have been killed or seriously injured if they had been unbelted.

4 *Myth*: I don't need belts, since I'm a careful driver.

Fact: No matter how good a driver you are, you can't control the other car. There's no way to protect yourself against someone else's bad driving, poor judgment, or mechanical failures. Even good drivers can be killed or injured in a crash.

5 *Myth*: I don't need belts; I can brace myself.

Fact: The force of an impact at just 10 mph is equivalent to catching a 200-pound bag of cement thrown from a first-story window, according to the National Safety Council. At 35 mph, the force of an impact is even more brutal. There's no way your arms and legs can brace you against that kind of force — even if you could react in time.

6 *Myth*: Seat belts are uncomfortable.

Fact: While lack of comfort and convenience may be somewhat valid reasons for not using safety belts in older vehicles, late model cars now come equipped with a one-piece lap and shoulder belt that allows for considerable freedom of movement.

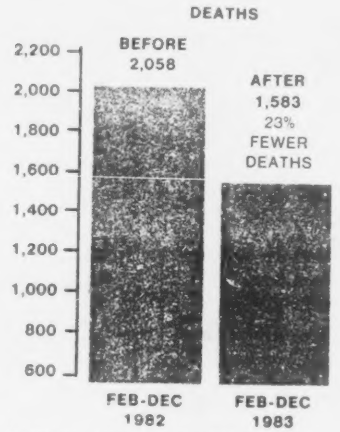
Whether they really believe these myths or not, most Americans are simply not in the habit of buckling up — and will not unless continuously reminded to do so. Mandatory seat belt laws provide this type of reminder.

Buckling Up Around the World

More than 29 other counties today have some form of a mandatory seat belt law, including all of Western Europe except Italy. Worth noting is the reduction in injuries and fatalities within the first two years after the laws became effective:

Austria — Deaths down 13.6%; serious injuries down 28%
Belguim — Fatalities and injuries down 18%
Ontario (Canada) — Deaths down 16%
Saskatchewan (Canada) — Deaths down 23%; serious injuries down 39%
Czechoslovakia — Deaths down 55%; serious injuries down 25%
Denmark — Serious injuries down 30%
Netherlands — Deaths down 60%; critical injuries down 30%
New Zealand — Deaths down 27%
Spain — Deaths down 59%
Sweden — Fatalities and injuries down 50% to 70%

Effect of compulsory seat belt law in Great Britain before and after effective date (1/31/83)



Sources: American Seat Belt Council
Highway Users Foundation

ARE MANDATORY SEAT BELT LAWS THE ANSWER?

[From the Journal of American Insurance]

Thanks to seat belts, auto accidents are not always entirely bad news:

- Ask James E. Allen, Jr., of Campbell, Kentucky, whose car was hit in the front side by another vehicle running a red light. Allen's car repair bill was $2,300, yet he didn't suffer a scratch.
- Ask Kenneth V. Walsh of Burke, Virginia, who was driving with his wife on a curving rural road when an oncoming car crossed into his lane. The two cars collided at a combined speed of close to 60 mph and Walsh's car was totalled. His only injury was a fractured ankle.
- Then there's Ray Peck, head of the National Highway Traffic Safety Administration (NHTSA), who was driving with his family across a bridge near Washington, D.C., when a car slammed into the rear of his BMW, shoving it into the car ahead. The damages to the BMW came to more than $7,800, but Peck and his wife suffered only minor injuries. Their eight-month-old daughter, protected by a child restraint harness, was unharmed.

Despite extensive damage to their vehicles, all of these people survived their accidents with only minor injuries because all were wearing safety belts. Unfortunately, they are in the minority.

About 52,000 Americans die and another two million are injured in motor vehicle accidents each year, reports the National Safety Council. Motor vehicle crash injuries produce more new cases of quadriplegia and paraplegia than all other causes combined. They also play a big part in the increased incidence of epilepsy and brain damage, and are the single leading cause of severe facial lacerations and fractures.

One of the leading causes of death, motor vehicle crashes are second only to cancer in their economic burden to society. The National Safety Council estimated the cost to be $39.3 billion in 1980 — or roughly $160 per person. We pay this huge bill in many ways: increased expenses for insurance, medical services, and law enforcement as well as lost savings, productivity and human suffering.

Seat belts would help decrease this costly burden, saving lives and preventing injuries. Research shows that one-third of the victims killed in high-speed crashes would survive, and an estimated two-thirds of those who are severely injured would escape with only minor injuries (if any) if seat belts were worn. Accident researcher Dr. B. J. Campbell, of the University of North Carolina's Highway Safety Research Center, estimates that "with belts, there is a perhaps a 20 percent decrease in the probability of any injury at all, a 50 percent decrease in the probability of a serious injury, and as much as a 75 percent decrease in the probability of death." If every American wore seat belts, says the American Seat Belt Council, 16,300 lives could be saved each year.

Yet even though these benefits have been exhaustingly publicized, less than one in ten Americans buckles up regularly. That figure has been on the decline every year since 1975, a particularly distressing trend since small cars, which offer less crash protection than full-size models, have become increasingly popular at the same time.

Lifesaving solution

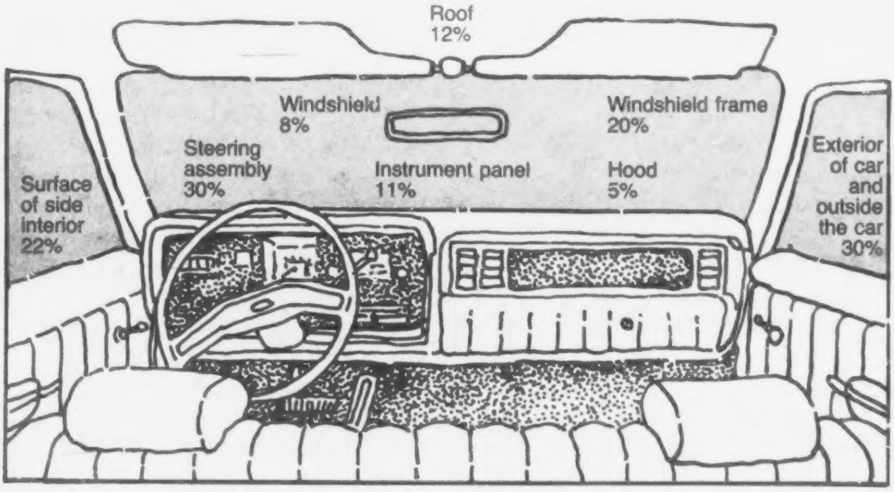
In this age of increasing hazards and limited resources, with the future of automatic restraints still uncertain, many traffic safety experts now believe that mandatory seat belt laws are the answer. Such laws would require drivers and their front seat passengers to buckle up under penalty of law. Violation is a civil offense, punishable with a modest fine (usually no more than 25 dollars), with no possibility of license penalty points or a jail term. These laws are not meant to harass drivers, but instead to encourage them to buckle up.

Seat belt laws are needed because despite both hard and soft sell campaigns by the government as well as private safety organizations, Americans still do not use belts. A graphic example of the failure of these public information programs occurred in Michigan, a state that has long been a leader in highway safety programs. In 1977, Motorists Information, Inc., an organization formed by the major U.S. automakers, spent some $1.75 million on a media blitz in the Detroit area to promote belt use. When the Department of Transportation (DOT) measured the effectiveness of the 10-week campaign, which used both the electronic media and billboard ads, it concluded that there was "no response" to the effort. In fact, in one of the cities studied, belt use actually declined by one percent. In March 1980, the National Academy of Sciences in a report to the DOT concluded that "past attempts to promote seat belt use have not been particularly successful."

Seat belt laws, on the other hand, have worked in the five Canadian provinces and 24 countries where

Figure 1. The Case for Seat Belts

In an auto accident, it's not so much what hits you, but what you hit inside the car. A 1973 survey by General Motors Corp. engineers showed the percentage of motorists who were fatally injured by different objects inside their automobiles. Not surprisingly, head injuries account for the most deaths in car crashes (47.7 percent), followed by internal injuries to the chest, abdomen and pelvis (37.2 percent). Seat belts restrain occupants in a crash, and prevent this "second collision."



Source: Indiana Office of Traffic Safety they have been tried. A study of these laws conducted by the American Seat Belt Council found that, when coupled with enforcement, seat belt laws are highly effective in reducing the deaths, injuries, and societal costs of motor vehicle accidents. The most dramatic reduction was in Sweden, where a seat belt law has been in effect since 1975. Driver deaths there were cut 47 percent and passenger deaths, 67 percent. More than 85 percent of all Swedes use seat belts. Another Swedish study also showed that the country saves between $22 million and $45 million each year in reduced medical and other societal costs.

In Ontario, Canada, the enforcement of a seat belt law has increased belt use from about ten to roughly 60 percent, according to James Snow, minister of transportation and communication who also reports 400 fewer traffic deaths because of the law. In all, Snow estimates the province saves between two and three million in medical costs each year. Similarly, a study by the Insurance Institute for Highway Safety (IIHS) of the effects of Australia's seat belt law found that the law initially reduced vehicle occupant deaths about 20 percent in urban, and ten percent in rural areas. Non-fatal injuries showed a parallel drop of 13 percent in urban and 11 percent in rural areas.

Makes economic sense

"This is a no-cost law," emphasizes Thomas O. Reel, executive secretary of the Michigan Coalition for Safety Belt Use. The Michigan Coalition, with 85 members from various business, medical, insurance, and auto industry groups, has launched an aggressive campaign to win approval of a three-year trial seat belt law in the state. Similar laws are also being considered in New York and North Carolina.

"Police departments won't have to hire new officers to enforce the law," says Reel. He explains that the proposal will work in the same manner as child restraint legislation: Drivers will generally be fined for violations when they are stopped for other offenses. In Michigan, the penalty would be a modest ten dollars. Nor should there be any personal expense involved (aside from the fines), unless a driver has removed the belt system from his car. Pre-1965 models, which did not come equipped with seat belts, will be exempt from the law, along with buses and trucks.

What's more, the law should actually save taxpayers money. The Coalition estimates that passage of the measure could save taxpayers as much as $200 million a year, no small change for a state as economically troubled as Michigan.

Because of the poor economy, seat belt laws are especially needed, no matter what the fate of passive restraints. With high unemployment, high interest rates, and tight budgets, people are holding onto their cars longer. Because of this trend, it could take 12 to 15 years to phase in passive restraints. With laws requiring their use, seat belts begin saving lives "day one," says Thomas Reel. Further, if airbags are eventually required, the double protection couldn't hurt. "You're still better off with a belt on even if you have an airbag-equipped car," Reel explains.

So far, Michigan residents appear to favor the proposed law. In a recent telephone poll of 800 residents conducted by a research firm for the Michigan Office of Highway Safety and Planning, over 61 percent said they supported the measure; while 36 percent opposed it and two percent were undecided. More importantly, 84 percent said they would be more likely to

Six Myths About Seat Belts

As Lee Iacocca, chairman of Chrysler Corp. and a keen supporter of mandatory seat belt laws, observed recently, it is indeed strange thinking that permits so much death and suffering in the name of personal convenience and unwrinkled clothing. Most of this "strange thinking" is based on these common myths about seat belts:

- *Myth #1:* Seat belts are unnecessary for short trips. Fact: More than 70 percent of injury-causing traffic accidents occur within 25 miles of home, says the National Safety Council. Over 80 percent of all collisions happen at speeds under 40 mph. People who were not wearing seat belts have even been killed in accidents that occurred at speeds as low as 12 mph — about the speed you would be driving in a parking lot.

- *Myth #2:* Seat belts trap people inside cars, and I'd rather be thrown clear. Fact: "Thrown clear" is a misnomer. Being thrown from a vehicle usually means flying through the windshield, or catapulting out a door. The force of a collision can fling you as much as 150 feet onto a roadside object, into the path of oncoming traffic or scraping along the pavement. For these reasons, if you are thrown from a vehicle in an accident, your chances of being killed are 25 times greater. What's more, instead of being trapped, belted occupants are likely to be conscious and unhurt, and therefore better able to escape in the rare situations where fire or submersions are added dangers.

- *Myth #3:* Seat belts cause injuries. Fact: Study after study in the United States and abroad show a substantial decrease in the number of serious injuries in actual auto accidents among those who are belted versus those who aren't. In the rare instances where injuries due to belts have been reported, either the belt was inappropriately worn, or the crash was so severe the occupants would have been killed or seriously injured if they had been unbelted.

- *Myth #4:* I don't need belts, since I'm a careful driver. Fact: No matter how good a driver you are, you can't control the other car. There's no way to protect yourself against someone else's bad driving, poor judgments, or mechanical failures. Even good drivers can be killed or injured in a crash.

- *Myth #5:* I don't need belts; I can brace myself. Fact: The force of an impact at just 10 mph is equivalent to catching a 200-pound bag of cement thrown from a first-story window, according to the National Safety Council. At 35 mph, the force of an impact is even more brutal. There's no way your arms and legs can brace you against that kind of force — even if you could react in time.

- *Myth #6:* Seat belts are uncomfortable. While lack of comfort and convenience may be somewhat valid reasons for not using safety belts in older vehicles, late model cars now come equipped with a one-piece lap and shoulder belt that allows for considerable freedom of movement.

Whether they really believe these myths or not, most Americans are simply not in the habit of buckling up — and will not unless continuously reminded to do so. Mandatory seat belt laws provide this type of reminder.

wear belts if the law were passed.

Opponents of seat belt laws argue that this type of legislation infringes on our individual rights. Yet instead of being a right, driving is a privilege, already restricted in many ways. Drivers must pass a test before they can legally drive, obey traffic laws and observe speed limits, and refrain from drinking and driving. Seat belt laws may be one more restriction, but one whose benefits far outweigh the small cost in personal liberty and inconvenience. ■

STATEMENT OF JOAN CLAYBROOK, PRESIDENT, PUBLIC CITIZEN

Mr. Chairman and members of the Committee, I appreciate the opportunity to testify before you today in support of all types of motor vehicle occupant restraints, including existing safety belts in cars, automatic safety belts and air bags and to oppose $40 million requested by the U.S. Department of Transportation for promoting enactment of seat belt use laws. Public Citizen, where I have served as President for the past three years, is a national public interest organization with 70,000 members nationwide. We specialize in public policy issues concerning health and safety, consumer rights, safe energy, fair taxes, corporate and government accountability, freedom of information, and the delivery of legal services.

Most organizations dedicated to reduction of death and injury on the highway believe, as does Public Citizen, that occupant restraint use is the single most important source of protection for vehicle occupants in a crash, and that the American public should be given the opportunity to buy cars equipped with air bags because this technology is superior and unobtrusive. Unfortunately, the major auto manufacturers have refused to sell air bags to the public even though industry marketing studies and public opinion polls show that a majority of the public would like to see air bags installed in all cars.

As the result of this opposition, and under the order of the Supreme Court in June 1983, the Secretary of Transportation in July 1984 issued a so-called safety standard permitting enactment of mandatory seat belt use laws covering two-thirds of the population to cause the recission of the requirement for air bags or automatic belts. This decision was issued despite the finding by the DOT that air bags and belts are superior to belts alone. It is being challenged in the U.S. Court of Appeals for the District of Columbia by State Farm Insurance Company and other insurers on the basis that the Secretary does not have the authority to issue a "trap door" vehicle safety standard, or one that is not uniform, and that her decision is arbitrary and capricious.

One major problem that has arisen from this decision is tremendous confusion about whether a particular mandatory seat belt law is effectively drafted to avoid being counted toward the recission of the vehicle safety standard 208 for automatic restraints. The DOT has adamantly refused to answer petitions from State Farm and requests from numerous state legislators and staff as well as other interested organizations for DOT's interpretation of whether specific safety belt use legislation complies with or avoids meeting the DOT criteria for belt laws.

Secretary Dole and Administrator Steed have steadfastly refused to answer the inquiries and petitions despite the language in the Dole decision of July 11, 1984 expressly stating, "Under this aspect of the regulation, the Department will review each state MUL [Mandatory Use Law] as it is passed to determine whether it meets the minimum criteria established by the regulation." Last week Administrator Steed told Senator John Danforth's Senate Commerce Committee that the DOT would answer these questions sometime by 1989, the deadline for achieving coverage of two-thirds of the population if Standard 208 is to be rescinded.

The belt use law criteria in the Dole decision are designed to determine whether a law contains sufficient safety protections to be counted toward recission of standard 208. The DOT's refusal to respond is creating the presumption that the Secretary intends to count even laws that don't comply in assembling the necessary two-thirds. This would ignore the explicit decisions of states, such as New Jersey, to enact belt laws that do not comply because they don't want to rescind standard 208. In its Court of Appeals brief, the DOT states that "if sufficient MULs [mandatory use laws] are enacted, the Secretary concluded that a federal passive restraint requirement in addition would not be appropriate." Clearly, a number of state legislators disagree, and they have drafted their bills to avoid the Hobson's choice created by the DOT. But in order to frustrate this opposition to the DOT's decision, the agency refuses to release any opinions on the subject.

Although the Secretary of Transportation is unwilling to communicate with key decisionmakers and groups dedicated to highway safety about DOT's interpretation of laws passed related to her decision, she is most anxious to communicate with the public about enactment of belt use laws. To accomplish this, the DOT has asked the Congress for $20 million for FY 1985 and $20 million in FY 1986 to fund a "cooperative educational program to inform the public of the benefits of seat belt use to encourage passage of seat belt laws."

With regard to the $40 million the DOT has requested we have six major concerns.

1. First, we believe that the amount of money being requested is grossly out of proportion to the activities the agency indicates are to be undertaken with the money. In the first instance, the DOT's November 1984 program plan is geared to a $10 million dollar appropriation, not $40 million, so it is difficult to comment on the scope of any intentions DOT might have to spend four times this amount. In addition, the NHTSA did not release it "Budget Estimates" for FY 1986 until late yesterday, making any review of them necessarily cursory. However, it appears that the total justification for the $20 million program for FY 1986 is only two and one half pages. It is even less specific and detailed than the November plan for $10 million. And this section fails to answer any of the questions raised by Chairman William Lehman or Chairman John Dingell in extensive correspondence with the DOT during the past several months. Some of the obvious questions which are not addressed include:

a. Why spend more money on safety belt promotion when the existing $30 million dollar, three year program for FYs 1984-1986 has caused no significant increase in belt usage? In 1983 NHTSA estimated that this program would conservatively increase belt usage from about 13% to 25% (before another subcommittee the agency estimated 35% usage). However, two years later belt use has shown no significant increase. Most of the money described to be spent under the "State and Local Program Assistance" category and "National Organization Support" category consist of promotion activities, whether this is carried out through a state coalition, small grants to communities, private corporations or military installations. Some of it is clearly duplicative. For example, in view of the current activities of the Defense Department to require belt usage by all persons using its facilities, and the $300 billion DOD budget, it does not make sense for NHTSA to fund DOD activities. Similarly, with the incentives in the Dole rule for private industry, it does not make sense for the NHTSA to spend $375,000 to gain corporate support for its activities. Overall, the funds are being allocated for vague fluff-filled promotional activities without any promise or expectation of payoff. The evaluation activities described are limited to "innovative" programs, and the measurement of success is an assessment of "the merits and the value of these approaches."

b. Why is $1.4 million out of the first $10 million requested allocated for media support when many different attempts during the past 15 years to increase belt usage through media and advertising programs by government and private industry have failed to show any long term increase in belt use?

c. Why is $20 million requested for FY 1985 when the year is almost half over?

d. Why are air bags not mentioned in the November 1984 justification for the first $10 million when it is widely acknowledged that while most people know it is important to wear seat belts, many do not fully understand how air bags operate?

e. If the Secretary is truly interested in encouraging the manufacturers to offer air bags for sale, why has she failed to request funds to help the public understand the incredible payoff of this technological vaccine so that public pressure will mount for the major manufacturers to offer them for sale (which they have refused to do since GM stopped in 1976)?

2. With the motor vehicle manufacturers commitment to raise $20 million a year through their new organization, Traffic Safety Now, to lobby state legislatures and promote safety belts, why does the DOT need to raise an equivalent amount? $20 million is an incredible amount of money to allocate toward the enactment of belt use laws. $40 million per year is truly wasteful.

3. Because there is direct disagreement between a large group of organizations dedicated to reducing car crash injuries and the Department over the merits of the Dole decision, there is every expectation that the funds being requested will be allocated selectively to exclude organizations who disagree with DOT. Even in the initial DOT meetings with state legislators after the Dole rule was issued in July 1984, for example, the groups opposing the recission of motor vehicle safety standard 208 have not been invited to at least two meetings funded with federal dollars. In addition, smaller safety organizations who support both safety belts and air bags but are in need of funds have been reluctant to express disagreement with the DOT decision for fear of being disqualified from funding under this program. This is a strong reason for the Congress to insist that a certain portion any funds allocated be designated for education about air bags.

4. The $20 million dollars requested for FY 1985 and 1986 amounts to 20% of the entire NHTSA operations and research budget. While the promotion program has a meager justification

and no promise of payoff, the NHTSA research program which has shown concrete results over the years is about 30 to 35% less in real dollars than the funds requested in the last year of the Carter Administration. The entire vehicle safety research program is now only about $11 million. The Research Safety Vehicle and fuel economy research programs have been eliminated. The funding levels for the critical biomechanical work are so severely reduced that the agency now has only two contractors who continue to bid on its projects. The reverberations are significant. For example, because of the meager funding levels, students are no longer being attracted to this area of scientific endeavor, thus cutting off needed expertise for the future as well. Yet the DOT itself and the GAO at an earlier date have estimated that the vehicle crash safety standards which this research supports have saved over 80,000 lives since the crash safety standards were first adopted in 1968. This is certainly a far more identifiable, meritorious, and humane result than anything even promised in the current DOT promotional program. Other high payoff areas similarly suffer from lack of funding in large measure because of the lack of support currently within the DOT. A good example is technical consumer information, such as that provided by The Car Book, which DOT discontinued; the Uniform Tire Quality Grading program which DOT eliminated until Public Citizen sued successfully for its reinstatement; and the crashworthiness consumer information proposal which the agency has not moved to issue since January 1981.

5. Finally, while the DOT denies that any of the funds requested will be used to lobby state legislatures for enactment of safety belt use laws, in fact much of the program is geared to this result through state coordinators, public information workshops, development of materials, public opinion surveys nationally and at the state level to determine in which states belt use laws are most acceptable or unacceptable, legislative seminars, state coalition support, program information sharing

through NORIS, (the National Occupant Restraint Information System to provide immediately available information about people, legislation, national or local activities), media programs, and program coordination. While the Department demurs that it is just trying to create the proper environment, in fact it will be assisting local, state and national organizations, state government and industry groups in their lobbying activities.

6. To the extent the Committee decides to fund this program, we urge the Committee to designate specific amounts for safety belts and for automatic restraints including air bags because it is clear the automatic restraint programs will otherwise continue to be treated as stepchildren.

The issue was first raised in a question at Dole's July 1984 press conference announcing the issuance of the rule. At that time, she indicated the money would be used for air bag educational programs as well as safety belts. However, this statement was contradicted by Deputy Secretary James Burnley in various communications to the Congress last summer. Secretary Dole once again clarified her position in September 1984.

But in its program plan of November 29, 1984 for expenditure of the first $10 million, DOT has essentially ignored the direct instructions of the Committee in the October 10, 1984 Conference Report allocating the funds. The Committee report states, "In developing the program plan, the conferees expect the Department to give equal treatment to the promotion of passive restraints and seatbelt usage."

Other recent examples of DOT activities reinforce our concern. For instance, the DOT recently supported the development of a publication entitled, "Automobile Occupant Protection: An Issue for Health Educators" in which the words passive restraint and air bags are never mentioned. You might think upon reading it that the DOT neither issued a passive restraints rule nor spent millions of dollars testing them, evaluating them, and urging the industry to install them during the past 15 years. You certainly would not know that Secretary Dole found that air bags and belts combined were the safest occupant restraint system. In addition, in November 1984,the Department circulated a proposed public opinion survey questionnaire to several industry sources for review. The DOT intends to spend $85,000 per year on one nationally representative survey and up to nine state surveys, entitled, "Trends in Public Knowledge and Attitudes Toward Occupant Restraint Mandatory Use Laws and Automatic Protection Systems." Interestingly enough, the survey asks about belt use laws and automatic seat belts, but never mentions air bags.

Given the performance of the DOT to date in its refusal to respond to requests for interpretation concerning the eligibility of various belt laws to be counted toward recission of motor vehicle safety standard 208, we urge the Committee to withhold any additional funding until the DOT responds specifically to pending petitions and requests for interpretation. We also believe that the committee should not allocate any funds for primary or secondary lobbying of state legislators. The most worthwhile section of the DOT plan is for objective evaluation, and it needs to be broadened considerably. Finally, any funds appropriated should specifically indicate they are to be used to educate the public about air bags.

Mr. Chairman, I have appeared before this committee almost continuously since I served as the Administrator of NHTSA in 1977 to ask for additional funding for one of the most important and highest payoff health and safety programs in the U.S. government. I want you understand that it pains me to come here to object to funding for any activities that will save lives on the highway. However, it is clear that the underlying purpose of most of this funding is to achieve passage of belt laws that will result in recission of standard 208, with its promise that the manufacturers will finally offer air bags for sale to the public.

Because of the magnificant live saving and injury reduction capability of air bags, their automatic action to protect occupants in crashes, and their comfort and convenience appeal, I urge the committee to tame the DOT, and control its wasteful proposals.

Thank you.

STATEMENT OF DAVID B. GOLDSTEIN, NATURAL RESOURCES DEFENSE COUNCIL, FOR THE ENERGY CONSERVATION COALITION

The Energy Conservation Coalition is a private, non-profit coalition of seventeen public interest groups established to promote energy efficiency. This testimony urges support for continued federal funding for the Urban Mass Transit Administration. We believe a strong case could be made for increasing the budget in real terms over the next five years. However, we recognize that such a possibility is unrealistic in the present political climate, and therefore recommend funding at levels no less than that appropriated for FY 1985 plus inflation.

Mass transit is a major tool for addressing two major energy policy and environmental problems: excessive reliance on nonrenewable energy sources and air pollution from automobiles. It reduces our reliance on cars, which are almost single-handedly responsible for the nation's reliance on imported oil. Gasoline consumption by cars amounted to approximately 6 million barrels of oil per day in 1984, compared to net oil imports of about 5 million barrels per day. Overall, gasoline use by private cars represented about one-sixth of total national energy consumption.

Current high levels of automobile use and their resultant demand for imported oil affect the economy and environment adversely in numerous ways. They account for the major share of the nation's trade deficit; they increase the pressure to explore for oil in environmentally vulnerable areas; they undercut the nation's attempts to achieve military security; and they are responsible for high death and injury rates, especially among young people.

If current high levels of oil use were sustained, virtually all of the nation's conventional oil resources would be depleted within a single human lifespan. U.S. reserves of oil are equal to only 20 years of current usage.

Mass transit can make a serious dent in automobile use and its related environmental problems. A recent study has shown that on the average increasing mass transit ridership by one passenger mile can reduce automobile usage by approximately five passenger miles. (Urban Rail in America, B. Pushkarev, Jay Zupan; Department of Transportation, 1981.) Thus, major cities with extensive transit infrastructure use 30% less gasoline per household than comparable cities without good transit, despite the fact that mass transit accounts for only 6% of the difference in passenger miles of travel between those cities. This effect occurs because the existence of higher levels of transit service lowers the rate of car ownership and reduces average auto trip lengths. It is this indirect effect that is mass transit's major contribution to reducing oil use and air pollution.

Without expansion of mass transit, the nation will find it hard to meet its goals for energy independence and for clean air. Budget cuts for transit threaten to undercut the progress the nation has made toward these consensus goals. Following the oil embargo of 1973, a number of cities embarked on mass transit expansion programs -- programs involving both capital construction and alterations of service and fare structures to attract more passengers. These programs arrested the decline of mass transit patronage that occurred since the end of World War II, and transit use began to increase. In areas such as California's major cities, where aggressive mass transit promotion policies have been followed, relying heavily on federal as well as local funding, a doubling of transit patronage has resulted.

Budget cuts could, in a single act, undercut ten or more years of careful planning and building. We estimate the direct effects of mass transit ridership on oil consumption to account for a reduction in oil imports of roughly 200,000 barrels/day; including indirect effects identified in the Pushkarev study raises this to over 1 million barrels/day. Over a 20-year period, the impact of budget reductions that cut transit use in half would be over 3 billion barrels of oil. It is the height of inconsistency for the Administration to be inviting these losses in energy independence in the transportation field at the same time Secretary Hodel is advocating a costly and environmentally disruptive offshore oil drilling program that could produce only 1 billion barrels over a comparable period of time.

Reduction in transit use would also have a significant adverse effect on public safety. Transit has a considerably lower rate of accident fatalities than automobiles, with death rates estimated between one tenth and one half those of cars. The direct effect of transit use on public safety is the reduction of at least 300 deaths per year. Considering indirect effects produces a more realistic estimate of over 2,500 lives saved per year.

Mass transit systems are an essential part of the infrastructure for doing business in large cities. Transit access increases land values, reflecting the greater productivity of transit-served sites. Without mass transit service, it would be impossible to do business in the largest American cities. With reductions in transit, American cities will become less productive and less competitive with foreign cities, which are expanding their mass transportation systems, and this will undercut American economic growth.

Mass transit systems have a special value in helping to assure this nation's security against Soviet and other foreign strategic pressures. The nation is proposing to spend hundreds of billions of dollars on increased military defenses. One of the primary needs for defense is to protect supplies of imported oil from disruption by hostile countries. Decreasing the flow of oil from the Middle East to the United States, and improving our ability to respond to possible disruptions, therefore has great value as part of the nation's defense strategy.

Mass transit makes a major contribution to reducing the security risks of reliance on foreign oil in two ways. First, increasing transit usage results in reduced gasoline usage, and reduced oil imports directly. Second, the existence of transit systems, which have excess capacity especially during non-rush hours, provides a cushion of alternative transportation services that is available to the nation whenever we need to limit our oil consumption due to an emergency. Unused space on trains, subways, and buses could substitute for automobile usage in an emergency, as occurred during the gas crunches of 1973 and 1978.

The possibility of another oil embargo during the next five years is by no means remote. The current glut of oil could evaporate as suddenly and unexpectedly as the glut of the mid 1970's disappeared. Indeed, much of the present lack of concern for the prospect of an oil shutoff mirrors the blind optimism of the mid 70's, when the national energy policy was more concerned with setting a floor price (i.e., $7 a barrel) for oil to assure more domestic production than with the prospect of price increases or shortages.

If an oil embargo occurs following a cutback in transit funding, it will cause substantially increased hardships to U.S. citizens and to the economy. The lack of transit alternatives to many motorists unable to buy gas in 1979 was a serious problem. A decision this year to reduce the levels of support for transit would look exceptionally silly and short-sighted from the perspective of a late 80's oil crunch. Yet we have no reason to reject the possibility of more oil shortages. Indeed, prudent policy would demand that we plan for such an eventuality. Expanded transit service is an essential part of such a plan.

We recognize the need for the federal government to reduce deficits. But mass transit funding reductions will not help balance the federal budget over the middle and long run, and instead are likely to be counterproductive. In urban areas, mass transit costs less per unit of peak hour capacity than the highways for which it substitutes. An analysis of the San Francisco Bay Area Rapid Transit (BART) system performed by the author estimated that highway infrastructure with comparable capacity to BART would have cost twice as much as the transit system. And the federal share of highway costs is higher than the share of transit costs. If reduced transit funding leads to an increase in highway construction, which it inevitably will, the additional federal expenditures for highway expansion will be a bigger budgetary drain than the transit funding that was eliminated. Federal expenditures for highway construction are currently in the neighborhood of $10 billion per year-- a major budgetary impact. Deficits will be increased, not decreased, by reducing transit funding. Nevertheless, we agree that every effort should be made to increase the effectiveness of money spent on mass transit. Greater effectiveness can be achieved by spending mass transit funds in a way that maximize the indirect effects that mass transit has on reducing automobile usage.

It has been argued that transit benefits are local in nature, and should not be funded by the federal government. But local governments often lack the political authority or the practical ability to make up in local taxes the funding that is lost from federal sources, particularly given the rapid cutbacks in federal funding proposed by the Reagan Administration. And many of the benefits of transit -- energy security, air pollution reductions, increases in public safety -- are national in their scope.

In summary, cutbacks in transit funding benefit no one. They are ineffective in their goal if the intent is to reduce federal budget deficits, but they have major adverse effects on the nation's security and air quality. We urge continued funding for the Urban Mass Transit Administration at no less than the FY 1985 level plus inflation.

STATEMENT OF DR. ROGER F. TEAL, UNIVERSITY OF CALIFORNIA, IRVINE

I am an Assistant Professor of Civil Engineering at the University of California, Irvine, where I teach and conduct research in the area of transportation planning and analysis. My major area of research focuses on the use of the private sector as an urban transportation provider. I have been conducting research on this topic since 1978, and have published numerous articles and research reports on various aspects of this topic. I am currently the Principal Investigator for an UMTA funded study of public transportation service contracting with private transportation operators. The purpose of this study is to provide definitive information on the nationwide extent and magnitude of transit service contracting, as well as to develop techniques for accurate estimates of the cost and subsidy savings which contracting makes posssible.

My research on transit service contracting indicates that the "doom and gloom" scenarios being painted in response to possible reductions in federal transit subsidies do not need to come to pass. Transit industry spokesmen are proclaiming that less federal money for transit will inevitably mean major service cutbacks and large fare increases, possibly even system shutdowns. There is nothing inevitable about such outcomes, however, for there is a viable alternative to these draconian responses, namely service contracting with the private sector. Service contracting, because it substantially reduces the cost of delivering transit services, can simultaneously reduce transit budgets while maintaining service and fare levels. This strategy represents a way out of the dilemma seemingly created by stable or increasing transit needs and shrinking public funds for transit.

As Congress considers the Administration's proposal to phase out federal operating assistance to transit, it obviously must be concerned about the impact of such an action on the viability of urban transit systems. I have posed service contracting as a key strategy for mitigating the impacts of reduced federal subsidies. The obvious questions of concern to policy makers about service contracting are how much money it can save, its current feasibility, and the obstacles that exist to its more widespread use. In the course of my research I have uncovered considerable information bearing on these questions.

THE COST SAVINGS POTENTIAL OF TRANSIT SERVICE CONTRACTING

In the course of our research at UCI, which has been funded by UMTA, we have determined that cost savings of 10 to 60 percent are possible with private sector contracting. Tables 1-3 summarize some of the more revealing findings of our research as they bear on the issue of cost and subsidy savings. As can be seen from an examination of these data, large cost savings are possible for all types of transit services. Compared to large regional transit agencies, private contractors can provide fixed route service at 25 to 50 percent lower costs. Cost savings for demand responsive services are usually on the order of 50 percent or more. Even compared to service provided by relatively small municipal governments, who produce transit much less expensively than most regional transit agencies, private contractors typically have a 10 to 20 percent cost advantage.

Tables 2 and 3 illustrate that subsidy savings are even greater than cost savings. The larger percentage reduction in subsidy requirements occurs because the cost savings from service contracting may eliminate all or most of the operating deficit of a service. This means that the impact of service contracting on public budgets will be even more dramatic than the direct cost savings made possible by this strategy.

What accounts for these large cost savings by private contractors? Three factors are primarily responsible. First, private operators typically pay somewhat lower wages than public transit agencies. Second, they normally have much less restrictive work rules, and therefore are able to achieve more productive use of their personnel. Third, they usually have less overhead expenses, as they operate leaner organizations and can also spread administrative expenses over both public and private operations.

TABLE 1

Estimated Cost Savings for Fixed Route Bus Services Operated By Private Contractors

System	Cost Difference	Basis of Cost Comparison
Yolo County (CA) transit system	-42%	actual operating costs
Tidewater Transit (VA) bus route	-48%	private operator unit costs vs. agency unit costs
Phoenix Transit bus route	-62%	private operator unit costs vs. agency unit costs
San Diego County transit system	-36%	direct comparison with San Diego Transit Corporation unit costs
Carson (CA) transit system	-53%	competitive bids
6 privately contracted systems in Connecticut	-32%	private operator unit costs vs. Connecticut Transit unit costs
Golden Gate Transit subscription service	-25%	private operator actual costs and cost model calculations for GGT
Hammond (IN) transit system	-9%	unit costs of private operator and 4 small publicly operated IN systems
9 privately contracted systems in California	-22%	unit costs of private operators and 9 small publicly operated CA systems
3 privately contracted systems in Minnesota	-15%	unit costs of private operators and Mankato transit system (public agency)

Source: Data obtained from public agencies responsible for transit planning and provision, from private operators, and from Section 15 Report.

TABLE 2

Comparative Cost of Operation of Golden Gate Transit Subscription Express Bus Service

Provider	Cost	Subsidy
Private Bus Companies	$1,589,510	$575,480
Golden Gate Transit	2,123,260	1,109,230
Difference	+33.6%	+92.7%

Source: Golden Gate Transit Annual Report and data supplied by transit agency.

TABLE 3

Comparative Cost of Operation of Yolo County Transit System

Provider	Cost	Subsidy
Sacramento Regional Transit	$1,442,000	$1,138,000
Private Bus Company	835,450	531,450
Difference	-42.0%	-53.3%

Source: Data supplied by Yolo County.

THE EXTENT AND MAGNITUDE OF TRANSIT SERVICE CONTRACTING

All available evidence indicates that private sector contracting is a relatively common method of delivering certain types of public transportation services. In California, counting different services such as fixed route buses and DRT as separate systems, approximately 55 percent of transit systems in the state are provided by private operators under contract to public agencies. In Minnesota, 65 percent of the urbanized area transit systems in the state are operated by private sector contractors. California and Minnesota appear to be national leaders in transit service contracting, but even at the national scale service contracting is more prevalent than often realized. More than 10 percent of all fixed route systems which receive UMTA Section 9 funds are operated by private contractors, and about 50 percent of all demand responsive transit (DRT) systems which utilize Section 9 funds are contracted in their entirety to private operators. Overall, nearly two-thirds of such DRT systems use a private contractor in some capacity. Counting different services as separate systems, more than 30 percent of the separate services funded through Section 9 engage in contracting, according to the Section 15 data. We are currently performing a national survey of transit service contracting, and the early returns show nearly 30 percent of all respondents doing at least some service contracting.

Although service contracting is widespread, to date it has had little impact on the overall costs of transit service. This is because most contracted services are small scale in nature and often involve supplemental services such as DRT for the elderly and handicapped. To illustrate, even though more than half of all the public transportation services in California are privately contracted, only 4 percent of California's transit operating expenditures go to contracte services. Similarly, at the national scale only 2.6 percent of the expenditures for bus and paratransit services funded by Section 9 are accounted for by privately contractmd services. For fixed routes services, the figure is a mere 1.4 percent. Thus transit agencies have barely scratched the surface of the potential monentary savings from service contracting.

Lest one receive the impression that service contracting cannot be done on a large scale, there is ample evidence to the contrary. In Houston and Dallas, the regional transit agencies have contracted out much of their peak period express bus service. The Houston system uses 113 buses of private contractors, and the Dallas system uses 60 buses, with plans to expand. Phoenix Transit has completely eliminated Sunday bus service and substituted privately contracted DRT sevice in its place. The Orange County Transit District in California has the largest DRT system in the entire country, consisting of 130 vehicles, and the entrie system is contracted to the private sector. Also in California, both San Diego County and Los Angeles County contract with the private sector for all transit service in the unincorporated areas for which they are responsible. In both counties, the total expenditure for transit is several million dollars.

New York state contains several notable examples of large scale contracting. In Westchester County, New York, an entire fixed route transit system involving 321 buses and over $30 million is contracted to private operators. In Suffolk County, on Long Island, the entire 80 vehicle transit system is contracted to the private sector.

WHAT FACTORS IMPEDE MORE USE OF TRANSIT SERVICE CONTRACTING?

The primary obstacle to more intensive use of service contracting by transit agencies is not the basic feasibility of this strategy, but opposition from transit labor and management. Transit labor is generally opposed to contracting on grounds that it will take work away from unionized workers and may also lead to downward pressure on wages and benefits. Many union contracts with transit agencies contain provisions which prohibit all or most service contracting. These provisions could be moderated in the collective bargaining process, of course, but the management of most transit agencies is not interested in large-scale service contracting. Management reluctance to engage in contracting on a significant scale is mostly attributable to a desire to maximize the size of the operating organization and to closely control all aspects of service provision. Contracting is not perceived as compatible with these objectives.

The absence of fiscal constraints on transit service, until recently, has also discouraged greater management and policy level consideration of contracting. As long as sufficient funds were available to maintain the status quo in service delivery, public agencies had no incentive to seriously investigate lower cost alternatives. It is noteworthy that most public agencies which contract for transit service either can use transit subsidies for other transportation purposes, as in California, or must rely on limited local funds which are not dedicated to transit for a significant portion of their transit operating budget. Public officials in these particular situations have deemed it fiscally prudent to elevate cost-effectiveness to a very high priority in making decisions about the nature of the transit service delivery system. The result has been to make service contracting a centerpiece of their service delivery strategy.

Whether or not Congress approves the Administration's request to eliminate federal operating assistance for transit, many transit agencies around the country will experience severe fiscal constraints in the coming years. Service contracting is a viable alternative to major cutbacks in service or huge fare increases. While the loss of federal operating subsidies would undoubtedly be painful for many transit agencies, it does not need to translate into a much diminished transit system. Tried and true strategies are available to help cushion the blow of less federal funds, and these strategies have the added benefit of improving the cost-effectiveness of transit service delivery.

LETTER FROM WILLIAM L. KINDEL, COUNCILMAN, TOWN OF AMHERST, NY

May 3, 1985

U.S. Senator Mark Andrews, R-N. Dakota
Chairman, Senate Appropriations Sub-committee on Transportation
724 Hart Senate Office Bldg.
Washington, D.C. 20510

Dear Senator Andrews:

The Buffalo News, in a May 2, '85 article by Douglas Turner, carried a rosy headline, "Further Transit Work Means Jobs, Dollars, Latona Tells Senate".

While Mr. Latona was asking for more federal tax dollars in Washington, D.C. a great many people in western New York who do not agree with his views, were unable to attend your hearing.

To date, there are at least 3,000 western New York residents who oppose any extension to the Buffalo Light Rail Rapid Transit, and we were not at your meeting in Washington, D.C. because we are hard at work to support our families and to help pay for the NFTA's 1985 operating deficit of 25 million dollars.

If it's possible, please enter into the record of your sub-committee the attached petitions that represent thousands of residents of western New Yorkers who have had enough of the foolish waste of our tax dollars allocated to a transit system few want, and fewer will use.

Citizens Against Rapid Transit Extension are a group of people simply saying to you - if you cannot say no to the absolute waste of tax dollars advocated by Mr. Latona, how in the world will our government ever cope with our devastating national deficit?

The last page of the article holds some hope for the people who pay the bill - the American taxpayers, and I quote:

"A budget proposal agreed to by the Senate Republican leadership and the White House would scale down fair subsidies by 20% per year for five years, and cut construction grants by about 60% over three years."

"The original budget had proposed eliminating transit subsidies on October 1 and ending all rail grants for new projects at the same time."

We have vital needs in western New York that today are going unfulfilled and unmet. Ellicott Creek flood control, County libraries that at times fail to meet payrolls, youth centers that have yet to be built, and the list goes on and on.

You are quoted as having said you have a sympathetic interest in western New York because your ancestors once lived in Wyoming County.

I believe you do have a soft spot for western New York. Why not pick up the phone and call all of your friends who live here, and ask them to rate the priorities for federal spending.

I'll bet you find that the extension of the Buffalo Light Rail Rapid Transit will be last on their list, if indeed it even makes the list at all.

Very truly yours,

Wm. L. Kindel

William L. Kindel
Councilman
Town of Amherst

INFORMATION SHEET

Provided by Citizens Against Rapid Transit Extensions

1. DO WE HAVE A TRAFFIC PROBLEM GETTING DOWNTOWN?
2. DO WE NEED A SUBWAY?
3. DO WE NEED AN EXTENSION?
4. WHO WILL PAY FOR THE OPERATING EXPENSES?

Consider This

(ERIE) COUNTY STEERS BY INSOLVENCY (Buffalo News 12-16-84)

"Officials say if the county does not confront the underlying causes of the fiscal crises, it could again be on the brink of bankruptcy...Adding to the danger are the additional fiscal problems that have not been addressed, such as subsidies for the Metro Rail transit line and the dome stadium settlement... 'if we get complacent, it could be fatal'" says Ross B. Kenzie, the chairman of a special commission studying the fiscal crisis.

Other Cities

Washington D.C's "subway operating deficits are now bleeding the participating municipalities dry...Overburdened townships that are laying off police officers and teachers must still pay their share." (Harper's 12-83)

Miami's new "trains are fast, clean and all but empty...Dade County commissioners, who operate Metrorail, say they will ask voters for a special tax to pay for deficits."(Buff.News 12-84)

In Buffalo

Early predictions for main line: 88,000 daily riders.
New predictions for main line: 45,000 daily riders.
Early cost predictions: $350 million
Cost so far: $550 million

NFTA OPERATING COSTS FOR 1985

48% covered by fares (about $23.3 million)
we, the taxpayers
about 4% subsidized by Erie& Niag. Cos. (about $ 2.0 million)
about 23% subsidized by State of NY (about $11.3 million)
about 25% subsidized by Federal Gov't. (about $12.2 million)

*The Reagan Administration wants to phase out federal operating subsidies. State and local governments will have to take over.

Recent Survey

"Will you use Buffalo's new Rapid Transit System? (37.7% yes)
(58.3% no)

"Will you use the subway more if it has an extension to Amherst or Tonawanda?" (31.5% yes; 64.8% no)

March, 1985; Buffalo Survey & Research,Inc.; 400 people asked.

Buffalo News Quotes

"Building the suburban extension to the Metro rail transit line would result in increases in the line's projected operating deficit, an NFTA study has concluded." (March, 1985)

"...the NFTA, in an effort to reduce operating costs, had decided not to provide weekend rail service when the subway system opens in mid-May..(but) Latona backs off on weekend Metro Rail ban." (January, 1985)

"New parking ramps eyed as key element in renewal of city... prospective retailers don't believe park-and-ride will work." (March, 1985)

Quotes from Public Officials

Senator Alfonse D'Amato: "Maybe the project should never have been started. (It is) a public works project."
(Buffalo News 7-25-84)

Robert E. Whelan (Buff. City Comptroller): "I've said to a chorus of boos since 1977, this is a mistake, a serious mistake." (Buffalo News 9-84)

David Rutecki (Buff. Comm. Council) "Most everyone in government feels the rapid transit system could be a disasterous mistake. It's almost a universal feeling." (Buffalo News 9-84)

NY State Department of Transportation Official:"A METRO RAIL EXTENSION TO EITHER AMHERST OR TONAWANDA'WOULD BE FOOLISH.'" (Buffalo News, March 1985)

Contact

Bruce Richardson, Tonawanda, 834-9548
Kathleen Sutter, Amherst, 833-8093

[CLERK'S NOTE.—The submitted petitions are available for review in the subcommittee's files.]

STATEMENT OF ROBERT BARNES, PRESIDENT, INTERNATIONAL TAXICAB ASSOCIATION

Mr. Chairman, and Members of the Transportation Subcommittee, the International Taxicab Association (ITA) is a non-profit organization which serves as the sole national spokesman for the private taxicab/paratransit industry in the United States. There are approximately 4,040 taxicab/paratransit organizations (companies, cooperatives and associations) operating 122,670 four-door sedans and 18,330 vans, buses, and other vehicles. Over 240,000 people (87% are drivers) earn their living providing taxicab/paratransit service. They transport approximately 1.9 billion passengers per year; of these 1.14 billion (60% of the passengers) are transport-disadvantaged (e.g. elderly, young, handicapped, unemployed).

ITA supports the efforts of the Administration to reduce federal spending in fiscal year 1986 and beyond. Specifically, ITA agrees with the proposals of the Secretary of Transportation, Elizabeth H. Dole, in the area of mass transit funding. Secretary Dole has undertaken to redefine the federal government role in transportation matters and place greater reliance on the private sector to provide transit services.

Secretary Dole's faith in the private sector's ability to provide quality service at a reasonable price has been earned by the private taxicab/paratransit and bus industries. As a matter of fact, the private sector's role in meeting the mobility needs of the public seems to be one of the better kept secrets in Washington, D.C.

The taxicab/paratransit industry currently operates in fifty states, and all major cities. It also operates in numerous communities where there is no publicly subsidized transportation operator. Further, publicly subsidized operators increasingly recognize the merits of contracting specific transportation elements (e.g. elderly and/or handicapped specialized services) to the private sector. In 1982, the ITA identified over 50 instances where the public sector contracted with a local taxicab/paratransit organization to provide public transit service. The examples include major metropolitan areas (e.g. Los Angeles, San Francisco, Pittsburgh, Houston, Miami) as well as very small communities (e.g. Liberty, Missouri; Glasgow, Montana; Exeter, New Hampshire; Northfield, Illinois; Red Wing, Minnesota). Today, there are hundreds of cases where public authorities purchase transportation service from private operators.

The former indifference of well financed, publicly subsidized operators toward self sustaining private operators seems to be giving way to a more cooperative atmosphere. Contracts between the public sector and private operators are no longer experimental. Just about every conceivable purchase-of-service arrangement has been successfully utilized in the past couple of years. Taxicab/paratransit operators now provide: demand-responsive service for elderly and/or handicapped passengers, user-side subsidy programs, off-peak fixed route service, additional peak service, night-time fixed route service, feeder service, rural service, low density dial-a-ride service and weekend programs.

The public sector's awareness of private sector capability and willingness to discuss cooperative programs has resulted directly from financial pressures. When federal assistance was plentiful, transit programs grew with abandon and efficiency and utilization of existing resources (contracting) were given the lowest of priorities. As a result, publicly subsidized operators' costs soared at super inflationary rates. During the same period, however, the private sector's costs increased at or below the rate of inflation. The end result is that the private sector can now provide the same or higher level of service for specific programs at lower (generally 25 to 50% less) cost.

In an effort to meet today's requirements that public transportation be effective and efficient, many public authorities are varying the services provided based on service area characteristics, time of day, and targeted user groups. These diverse services are, in many cases, supplied by multiple operators (private and public) providing specific services which are coordinated by a rational planning, funding and regulatory process.

In an effort to facilitate cooperation between publicly subsidized and self sustaining operators, the Urban Mass Transportation Administration (UMTA) has taken several important steps. First, in 1982, they issued a "Paratransit Policy" which stated in part "Paratransit services can be a valuable supplement to conventional mass transportation. Private sector participation in providing paratransit service is desirable. Coordinated or consolidated paratransit services within a community may contribute to more cost-effective, energy-efficient and environmentally-sensitive transportation program." In 1984, UMTA issued its "Private Enterprise Participation in the Urban Mass Transportation Program" policy. This policy states, "It is also UMTA's intention through this policy statement to promote greater reliance on the private sector in the provision of mass transportation services both as an independent private sector activity and through competitive contractual arrangement with public bodies." An equally promising event has been the recent creation of the Office of Private Sector Initiatives at UMTA. This long overdue development should be of tremendous assistance to the truly bright and innovative public and private operators who may need technical assistance, information and general guidance.

The advantages of utilizing private industry are significant:

-- By utilizing existing resources the current family of transportation services remains strong (paying taxes) and reduces the public burden to provide more subsidies for expanded service.

-- Existing operators bring with them years of experience in transportation matters and a knowledge of the local area.

-- Private operator provided services typically cost substantially less and are generally of equal or higher quality.

In summary, the International Taxicab Association supports the Administration's efforts to reduce the federal budget and to change the focus of its programs. Great economies will be realized by allowing the private sector to meet its responsibilities in the area of transportation, and to participate in transit programs, especially those programs intended to assist targeted groups. The taxicab/paratransit industry has at all times been willing and able to meet its share of these responsibilities.

STATEMENT OF JOHN A. CLEMENTS, PRESIDENT, HIGHWAY USERS FEDERATION

The Highway Users Federation is a national coalition of businesses, industries, and individuals who are major consumers of highway transportation products and services. For over 50 years, we have been concerned about--and active in reducing--the social and ecomomic losses resulting from highway crashes.

The Federation believes that one of the most beneficial means to reduce the enormous social and economic losses we experience each year as a result of highway crashes is the enactment and implemenation of effective safety belt use laws at the state level.

We therefore welcome this opportunity to appear before this Subcommittee to support new appropriations to the National Highway Traffic Safety Administration. Such appropriations should not be made at the expense of, or diminish, other ongoing programs. These new appropriations should be used for an agressive education program to tell the public of the benefits of safety belt usage, and to assist states and communities in implementing safety belt legislation. These educational efforts should also provide information to-but not lobby-decision makers at the state level on the benefits, effectiveness, and the public safety expectations of using safety belts. We agree with the Committee's concern about lobbying state legislatures with federal funds, but believe this problem can be avoided.

We also believe that these funds should be used to show the effectiveness of safety belt use laws and corporate policies which require belt use by employees. This information should be given the widest possible distribution.

Specifically, we strongly recommend that NHTSA assist each state in the effective implementation and evaluation of its safety belt legislation. This assistance could include: funding public educational programs at the state and community level; training law enforcement personnel; providing educational materials to schools, social, civic, or fraternal organizations; dissemination of belt use effectiveness information.

Reliable data on the effectiveness of safety belt use legislation is vital. We are pleased that NHTSA is currently funding evaluation efforts in New York and New Jersey. We encourage this support for every state that enacts a safety belt law.

We believe such evaluations should span at least three years to evaluate the longer-term social and economic benefits derived from belt use legislation and to assure that initial gains are not lost due to public apathy. Clearly, some funding in this area should go to assist states in developing and maintaining adequate records which are essential to sound evaluation.

The same thing should be done in the area of child restraint legislation. We are pleased to note that as of last week all 50 states now have child restraint laws. However, we do not have national uniformity in child restraint use requirements. We need to know what works and what doesn't, so that legislators can improve the laws in their own states. The results of these evaluations would result in more young children being protected and more lives saved.

In closing I would like to say that we believe the Federal Government should demonstrate leadership in seeking universal safety belt use. The executive branch should promulgate regulations requiring belts to be worn by all federal employees while on the job, as well as by employees of contractors working on federal projects. In addition, provisions should be made to require belt use by persons driving or riding in a motor vehicle on highways on public lands under the jurisdiction of a federal agency, including national park-managed roads and highways. Military bases have already done a commendable job on getting personnel to buckle-up.

We as a nation have everything to gain if all elements of society--public and private--pull together to support the enactment and effective implementation of safety belt usage legislation.

STATEMENT OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

The Associated General Contractors of America and its 110 chapters nationwide represents more than 32,000 firms, including 8,400 of America's leading general contracting companies which are responsible for the employment of more than 3,400,000 individuals. These member contractors perform more than 80 percent of America's contract construction of highways, airports, commercial buildings, industrial and municipal-utilities facilities.

Transportation Secretary Dole has indicated in testimony before the Congress that the DOT's FY 1986 budget "contributes to the Administration's deficit reduction effort" by, among other things, proposing to establish an obligation ceiling for the Federal-Aid Highway Program in FY 1986 at the 1985 level of $13.25 billion.

Under the 1982 Surface Transportation Assistance Act the FY 1986 obligation level has already been established at $14.45 billion. It has been established at that level based on the documented need for improvement of our nation's highway system. The Administration, therefore, is actually proposing a reduction in the Federal-Aid Highway Program next year of $1.2 billion, or 8.3 percent. More disturbing, the Senate/Administration Deficit Reduction Plan calls for an even greater reduction in Federal-aid Highway Program obligations next year. The compromise would establish a $12.75 billion obligation ceiling in FY 1986, a $1.7 billion, or 11.8 percent reduction from the program level called for in the 1982 Act.

The size of federal budget deficits projected for the foreseeable future is indeed a cause for great concern. Federal deficits will not disappear overnight, and both the Congress and the Administration will have to come to terms with this very serious problem. The need for fiscal prudence is both obvious and real.

But in the rush to address the federal budget's imbalance, the country cannot afford the federal policy equivalent of throwing the baby out with the bath water. Reduction in transportation infrastructure spending will undermine the very economic growth that this Administration is relying on to produce additional revenues to reduce the deficit.

The Transportation Department's budget proposes to engage in the illusory budgetary practice of using the current balance in the Highway Trust Fund as a deficit reduction tool. AGC labels this practice as illusory because by not allowing the expenditure of Highway Trust Fund dollars, the Administration will not reduce the type of government spending which is contributing to the deficit. It will merely delay the expenditure of dedicated user fee revenues which have already been collected, are sitting in the Highway Trust Fund and which, by law, must ultimately be spent for highway improvements. Spending on our nation's highway system has never contributed a penny to the deficit. It cannot. User fees are collected from the nation's highway users, placed in the Highway Trust Fund and dedicated by law to be spent on the nation's highway system. The Highway Trust Fund is in reality a very simple and efficient balanced budget account.

It must also be understood that some items in the budget are simply more economically significant in the long-term than others. An important case in point is investment in the nation's transportation infrastructure. The long-range impact on the nation of failing to go forward with vital transportation infrastructure projects will be disastrous, and not just from a physical plant standpoint but from an economic standpoint as well.

The loss to the economy of allowing continued deterioration of our transportation infrastructure has been clearly demonstrated, and those potential losses are measured by lost economic output, fewer jobs and lower consumer spending for each household.

These negative effects, enormous as they are, are only part of the costs which would be inflicted on the economy.

Every infrastructure repair delay adds to the eventual cost of that repair. Judicious pruning of federal spending should be undertaken where the maximum savings can be achieved while sacrificing the least in terms of the country's future economic potential. Sacrificing proven and much-needed transportation infrastructure investments for illusory short-term deficit reduction gains will only serve to saddle future generations with a low-growth economy and create a transportation system burdened with much greater repair and replacement costs. Those future generations will be penalized, as they will at some point be forced to foot the much greater infrastructure repair bill they will inherit as a result of this generation's fiscal imprudence.

AGC respectfully urges this Subcommittee to see to it that the planned-for and much-needed highway infrastructure investments called for by the landmark 1982 Surface Transportation Assistance Act are not eroded by a counterproductive reduction in the 1986 Federal-Aid Highway Program obligation ceiling.

AGC is also concerned with funding for airport construction and strongly urges the Subcommittee to set an obligation limitation of $1.017 billion for the Airport Improvement Program (AIP) for FY 1986. This funding level is specified by the Airport and Airway Improvement Act of 1982, and is the amount included in the President's FY 1986 budget request.

The AIP program is entirely financed from the Airport and Airway Trust Fund. This Fund is supported by dedicated tax revenues collected from aviation users under the equitable policy that users of the airway system should pay for the cost of airports and airway services. Congress passed the Airport and Airway Improvement Act of 1982 (Title V of Public Law 97-248) to increase aviation user fees and funding for airport and airway system improvements. This Act created the AIP program to replace the Airport Development Aid Program (ADAP) with significantly increased authorization levels based on the increased aviation taxes.

Authorizations were set at $993 million for FY 1984, $987 million for FY 1985, $1,017 million for FY 1986 and $1,017 million for FY 1987.

Past Department of Transportation Appropriation bills, however, have set the obligation limitation for AIP grants below the authorized levels. For FY 1985, the Continuing Resolution passed by the Senate funded AIP at the authorized level of $987 million, but the House-passed Continuing Resolution funded AIP at $800 million. The Conference Report on the Continuing Resolution compromised between the House and Senate bills and provided $925 million for AIP in FY 1985, $62 million less than authorized. This lower funding creates frustration among those charged with paying the increased user fees, and generates efforts to reduce the taxes that support the Trust Fund.

The American Association of State Highway Transportation Officials (AASHTO) report on "Future Directions for Aviation" notes that because appropriations have been "considerably less than the revenues which support the fund, a Trust Fund Surplus has resulted." The report goes on to state that if full appropriation of revenues is not accomplished, then federal user taxes should be eliminated or reduced. The report also estimates that airport needs will total $20.3 billion for the period of 1985 to 1986, while airport construction funding available from all sources is estimated to be only $17 billion. Full funding of AIP is necessary to protect the equitable concept of aviation user fees and to meet the construction needs of the airports and airway system.

The infrastructure needs of our airport system are too great to be underfunded, and the results of underfunded airport needs are too damaging to the economy for AIP to operate below the authorized levels. Additionally, those who pay the aviation user fees that finance the Airport and Airway Trust Fund deserve the relief from airport congestion, the increase in aviation safety, and the many other benefits of airport development that are derived from a fully funded Airport Improvement Program.

AGC respectfully submits that Federal-aid highway and airport construction, financed from dedicated revenues, should be fully funded. The U. S. taxpayer and the needs of our transportation system deserve no less.

STATEMENT OF HON. DANIEL E. GRISET, MAYOR OF SANTA ANA, CA, ON BEHALF OF THE UNITED STATES CONFERENCE OF MAYORS

Mr. Chairman and members of the Subcommittee, the U.S. Conference of Mayors is pleased to have the opportunity to present our views to you concerning the future of Amtrak and its relationship to the nation's cities.

The Administration's proposed elimination of funding for Amtrak in the 1986 Federal Budget is a cause for considerable concern by Mayors. We believe a national passenger railroad system is critical to achieving our defense, transportation, energy and environmental objectives and to sustaining a strong and healthy economy. The United States has a long history of using rail service to meet major transportation needs. With mobility a necessity and costs for new systems prohibitive, a high priority must be placed on the preservation of existing transportation services with an emphasis on efficiency and reliability.

Passenger Railroad service is an integral means of transportation for much of the nation's population both urban and rural. In my own region of Southern California, Amtrak is an important transportation resource. In its absence, states and localities would be faced with alternative transportation services that could either be too expensive or simply too burdensome on already congested highways. Obviously, stringent environmental standards would be affected by any additional glut of vehicles adding to the already questionable air quality conditions.

Amtrak is a success story as a Federal, State and local government financial partnership. Numerous local agencies have invested substantial amounts of money for the construction, expansion and rehabilitation of train stations and/or transportation centers in an effort to encourage ridership and attract further efforts from Amtrak to better meet travel demands in profitable markets.

The City of Santa Ana is just completing a major, multi-modal regional transportation center that will combine a variety of transportation services into one centralized location. This investment represents $20 million of the more than $100 million dollar local investment in station and track improvements in the Los Angeles to San Diego (LOSSAN) corridor alone. This commitment is representative of similar initiatives throughout the nation.

Moreover, Amtrak has made substantial progress towards reducing Federal subsidies by a demonstrated improvement in revenue performance and has outlined a variety of proposed cost savings for the future which contain merit and deserve consideration by this subcommittee prior to any action directed at reduction or elimination at this time.

No state or local agency is currently in the position to assume these costs, especially in light of other cost-savings being proposed by the President that would directly affect the services provided by local units of government.

The Conference has adopted policy calling for an across the board freeze on all federal spending, other than means tested entitlement programs and a non-personal income tax increase dedicated to deficit reduction. We believe it is measures such as these which hold the most promise for deficit reduction, not eliminations of needed such as Amtrak.

The Conference appreciates the opportunity to comment and looks forward to working with the Subcommittee towards ensuring a balanced national transportation policy.

Statement of Mercedes-Benz of North America, Inc.

Introduction

Mercedes-Benz of North America, Inc. (MBNA) 1/ submits this testimony in recognition of this Committee's history of leadership in transportation and safety issues, and in deference to the Committee's oversight responsibilities. The appropriate authorizing committees of the House and Senate are now considering legislation to amend the Motor Vehicle Safety Act of 1966 ("Safety Act") to prohibit the importation of motor vehicles which were not originally designed and built to comply with U.S. motor vehicle safety standards. MBNA believes that this legislation is needed to ensure that all motor vehicles are subject to the same rules, by closing a loophole by which noncomplying imports are subject to more lenient requirements than those imposed on domestic and foreign manufacturers. Thus, we make this presentation not to request dollars or assistance -- although the federal budget would benefit by many millions of dollars if this loophole were closed -- but rather simply to make the Committee aware of an increasingly serious problem.

The existing "gray market" in automobiles has become a gaping loophole in the Safety Act which endangers consumers, threatens the environment, and imposes needless costs on the federal government. Each year, thousands of consumers are sold motor vehicles which they believe are identical to U.S. designed vehicles. However, surveys reflecting actual examination of over 1,000 gray market cars nationwide show that, even when modified, these vehicles do not comply with federal safety standards. As NHTSA Administrator Diane Steed has pointed out, even rigorous inspection cannot assure that modified vehicles fully meet all U.S. standards. Letter to Rep. Tim Wirth (October 2, 1984). Moreover, the modifications can themselves cause safety hazards, in violation of state and federal law. Thus, the gray market exception undercuts the achievement of federal safety goals.

In order to comply with the Safety Act, Daimler-Benz and other vehicle manufacturers have devoted hundreds of millions of dollars to the design, testing, and production of vehicles which meet all performance standards under U.S. law and regulations. The Safety Act which imposed these costs appeared to be reasonable and fair, since its goal was to induce all manufacturers to produce a safer product. Yet the gray market loophole severely undermines this reasonableness and fairness, since it permits importation of noncomplying vehicles by persons who are not subject to the Act's extensive engineering analysis, testing, research, defect notification, and recordkeeping requirements.

NHTSA estimates that in 1984 over 48,000 gray market vehicles entered the country. In 1985 this figure will easily reach 60,000 vehicles. Either figure is greater than the 1984 figures for United States sales of such established manufacturers as Saab, Porsche, and Peugeot, all of whom are required by law to build United States version vehicles from the ground up. The U.S. government would never permit a single importer of such magnitude to sell noncomplying cars in this country. Thus, the conditional importation provision, which was originally intended to prevent hardship to a few Americans, has become a major end-run around the safety laws.

Under these circumstances, every dollar the federal government spends in overseeing non-conforming imports is -- quite simply -- money thrown away. No amount of federal oversight can ensure that these vehicles meet the minimum standards which are imposed on original vehicle manufacturers. Moreover, these vehicles evade the gas guzzler tax, resulting in an IRS-estimated $30 million revenue loss annually, and they have not been made subject to the

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1/ MBNA, a wholly-owned subsidiary of Daimler-Benz A.G., is the only authorized United States importer and distributor of Mercedes-Benz passenger vehicles.

Corporate Average Fuel Economy (CAFE) per-vehicle penalty for failure to meet average fuel economy standards.

Finally, the needless expenditure of federal funds in this area is rapidly increasing. By NHTSA's own estimates, administrative support costs have soared from $90,000 in fiscal 1981 to at least $900,000 in fiscal 1985. This is for NHTSA alone, and does not include costs incurred by Customs or EPA. A February, 1985 report by NHTSA to this Committee states: "There are no indications that the upward trend in noncomplying vehicles will reduce, or for that matter, level off." The significance of this, from both budgetary and safety standpoints, is obvious.

The growth of the gray market has other significant implications for the American consumer. As will be described below, vehicle modifications themselves can cause serious safety hazards. The average consumer does not realize the extent to which the vehicle must be modified and cannot evaluate either the efficacy or the safety of the modifications for which he pays several thousand dollars. He must rely on the representations of the modifier. After modification, the consumer who owns a gray market vehicle encounters a host of other difficulties in obtaining parts and service, adequate warranty protection, and a resale value comparable to that of the United States version. Insurance companies report fraudulent thefts and vehicle accidents by discontented gray market owners.

The gray market exception is a loophole which imposes clear safety and consumer costs, while providing no safety benefit. The federal government -- DOT, EPA, and Customs -- spends millions of dollars in futile attempts to enforce the law. Every congressional committee which has considered this question has concluded that the gray market loophole should be closed. For this reason, MBNA supports legislation to assure that all automobiles imported into this country are originally designed, tested, and produced in conformity with all federal safety standards.

I. Original Congressional Intent

When the National Traffic and Motor Vehicle Safety Act of 1966 was passed, Congress made a policy decision to require all cars to meet certain standards of safety to safeguard against accidents and to protect those persons who were involved in vehicle collisions. The Act granted DOT authority to promulgate stringent safety standards, and those standards mandated an extensive program of design and testing to be undertaken by each manufacturer. One exception to these requirements was included: Section 108(b)(3) of the Act gave the Secretary of Transportation discretion to permit individuals to import noncomplying vehicles under bond.

The purpose of this exception was simple. Congress was concerned about the possible hardship imposed on returning members of the armed services, diplomats, and other Americans who had obtained foreign nonconforming vehicles while they were overseas. Without a special exception, these people would be forced to sell their vehicles before they could return to this country. The exception was considered to be temporary and discretionary, since foreign-made vehicles that complied with American specifications were not readily available. *See* S. Rep. No. 283, 98th Cong., 1st Sess. 25 (1983) (Senate Commerce Committee); S. Rep. No. 426, 98 Cong., 2d Sess. 81-82 (1984) (Senate Committee on Environment & Public Works); S. Rep. No. 666, 97th Cong., 2d Sess. 89 (1982) (same).

Today, virtually every foreign manufacturer has a wide array of U.S. specification models available for overseas pickup and use by United States citizens. Legislation to resolve the gray market problem would not in any way affect the ability to purchase these vehicles overseas and import them into the United States.

Every Congressional committee which has considered this issue in recent years has agreed that the gray market exception was never intended to authorize the wholesale commercial importation of noncomplying vehicles for resale. Today, the grey market exception is a loophole which undermines the integrity of the Safety Act standards.

II. The Conditional Importation Option: Modification and its Pitfalls.

In theory, every noncomplying vehicle which is brought into this country must be modified to meet United States safety standards, or it is subject to confiscation and exportation or destruction. In fact, surveys of over 1,000 gray market vehicles nationwide show that upwards of 99% fail to comply with federal safety standards. In addition, these surveys reveal that modification can create serious safety hazards.

A. The Process of Conditional Importation

Under the conditional importation procedure, the U.S. Customs Service requires the importer of a noncomplying vehicle to post a bond (equal to the value of the car plus the duty) to assure that the vehicle will be modified to comply with federal safety and emissions standards. The vehicle modifier submits to DOT and EPA documentation showing that each agency's standards have been met. Neither DOT nor EPA inspects the vehicle. Upon review of the modifier's paperwork, each agency determines whether the vehicle complies. If the paperwork is approved, the agency will send a letter to Customs indicating that the bond may be released. See 19 C.F.R. §§ 12.73 & 12.80.

While this process is a relatively simple paperwork procedure, the evidence suggests that the agencies do not even keep accurate track of the paperwork. In July of 1984, MBNA filed a Freedom of Information Act (FOIA) request with the Environmental Protection Agency, requesting the modification submissions for 284 vehicles which had been serviced in Mercedes-Benz dealerships nationwide. EPA informed MBNA that it had received test results for only 129 of the vehicles -- it did not have any records at all for the remaining 155. When the time arrived for EPA to produce the documents to MBNA, the numbers diminished still further: the Agency could locate only 87 packets. MBNA is unable to offer the same data for DOT, since DOT has not even responded to MBNA's September 7, 1984 FOIA request, filed nearly eight months ago.

B. The Facts: Widespread Noncompliance

In this country, "safety" is defined in a very specific way: it means compliance with standards authorized by Congress and promulgated after due consideration and evaluation by DOT's National Highway Traffic Safety Administration. The evidence shows that the overwhelming majority of gray market vehicles fail to meet these standards.

1. The Dealer Survey. In December of 1983, Mercedes-Benz of North America distributed thousands of forms to its dealers, asking them to inspect and report on the modifications to each gray market vehicle received for service. In later months, a similar survey was conducted by the National Automobile Dealers Association (NADA), whose members include franchised new car dealers nationwide. Both surveys revealed high rates of noncompliance: over 99 percent of the vehicles in the NADA survey failed to meet federal safety standards; the MBNA survey showed 95 percent noncompliance. Emissions noncompliance figures were similarly high.

It is important to make clear what these surveys tested. These were simple visual inspections to determine whether a particular required feature had been installed: did the vehicle have European or United States standard headlights? did it have bolts indicating a side door reinforcement? did it have a catalyst? and so on. The dealers performed no testing to determine whether the equipment was operational or whether it met any other standards. If the dealer saw bolts indicating a side door reinforcement bar, the dealer counted it as a complying bar; there was no attempt to determine whether the bar would meet the 7,000 to 12,000 pounds of pressure specified in Federal Motor Vehicle Safety Standard (FMVSS) 214, 49 C.F.R. § 571.214. Thus, the actual noncompliance rates may be even higher than the surveys reveal on their face.

2. Detailed Analysis of a Modified Vehicle. In addition, in order fully to assess the compliance of a typical gray market vehicle, MBNA purchased one such vehicle for testing. It was obtained from a large-volume, commercial importer which used what MBNA understood to be the best available in modification techniques. MBNA's report on this vehicle shows that it fails to comply with federal safety standards. Of the 17 standards which the vehicle did not meet in its non-U.S. configuration, no effort whatsoever was made to comply with 10, and the modifications performed for the remaining 7 did not achieve compliance. Noncompliance covered such features as the seat belt and seat belt anchorages, the bumpers, and the control instruments. The instrument panel indicated a Supplemental Restraint System, but no air bag had been installed. The modifications to the bumpers were already rusting. Compliance with certain standards cannot be fully assessed until MBNA has completed its emissions testing and is free to crash-test the vehicle. 2/

3. Accident Report. The most chilling indication of noncompliance appears in a report on an accident and fatal fire. The car in question, a European version Daimler-Benz model, left the road and went down a slight embankment, suffering glancing blows from two trees. It burst into flames, reaching temperatures of over 1,100° Fahrenheit. The fire melted the transmission housing and part of the engine block and oil pan. MBNA investigators determined that the fire was fueled by gasoline. Both factory-installed fuel lines were intact. However, the fuel line added by the modifier when installing an evaporative emission control system had completely disappeared. Engineering analysis suggests that the modifier-added fuel line ruptured, permitting fuel to leak toward the front of the car. Ordinarily such a line would contain a shutoff valve to prevent spillage of fuel from the gas tank into the charcoal canister. Either this vehicle had no such valve or the valve was destroyed in the fire, because it could not be found.

Prior to the accident, the configuration of this vehicle in all likelihood appeared to be completely safe. Without dynamic testing -- without subjecting a car like this one to an actual crash test -- it would likely have been impossible to identify the defect which ultimately caused this unusually severe fire. The fuel system integrity standard is intended to prevent precisely this type of accident.

4. Defect Requirements. A final area of noncompliance is defect detection and notification. The commercial gray market importer is designated a "manufacturer" under the Safety Act. 15 U.S.C. § 1391(5). As such, by NHTSA regulations and interpretation, the commercial importer is required to comply with recordkeeping and notification requirements in the event of a recall. In particular, the importer should be responsible for defects in those portions of the vehicle which it actually manufactures -- that is, the modifications. We have seen no indication that gray market importers comply with these requirements. 3/

The pervasive noncompliance of gray market vehicles should alone be sufficient to call for the abolition of the conditional importation program.

2/ The sale of this vehicle was itself a violation of federal law. DOT regulations bar sales of such vehicles before the conditional entry bond has been released, but this vehicle was sold to MBNA only days after it entered the country.

3/ In addition, as discussed below, the original manufacturer has no recall responsibility for gray market vehicles. Thus, the gray market owner may have no recall protection whatsoever.

However, the surveys also show a secondary safety problem: that the modifications -- particularly the modifications to meet federal emission standards -- can in fact create safety hazards.

C. The Facts: Safety Hazards and Other Vehicle Flaws Caused by Modification

The dealer surveys and other field reports, including MBNA's study of the test vehicle it purchased, indicate a series of safety hazards which may arise when emission control equipment is added to vehicles which are not designed to receive it. These hazards violate EPA regulations, *e.g.*, 40 C.F.R. § 86.084-5(b)(1)(ii) (1984), and state prohibitions against the operation of hazardous vehicles. In addition, slipshod modification work can create other hazards.

When Daimler-Benz builds a United States specification vehicle, the entire engine configuration is designed to accommodate emission control equipment. An indentation is made in the floorpan to contain the catalyst. The catalyst itself is protected by heat shields and is approximately one foot away from the brake and fuel lines. Gray market vehicles, by contrast, do not all have a configuration which permits the ready and safe installation of emission control equipment. The catalyst is often not located in an indentation and it therefore reduces ground clearance by approximately three inches; it may be less than two inches away from the fuel and brake lines, and it is often unprotected by heat shields.

A news release by U.S. Customs underscores the problem:

> Several cars have been converted with adapters; however, the rubber fuel lines acceptable on the European market coupled with the catalytic converter, transforms the car into an explosive time bomb.

Dept. of Treasury News (December 18, 1984).

Among the modification-related problems reported in the MBNA dealer surveys are the following:

- In one instance, the exhaust gas recirculation system was improperly routed to dump exhaust gas into the brake booster vacuum line. The brakes failed, resulting in a collision.
- In several instances, vehicle fuel tanks have collapsed, usually due to modifications which seal off the fuel system in order to reduce evaporative emissions. The fuel used by the engine creates a vacuum in the tank; the ensuing collapse may cause fuel leakage into the vehicle, fuel odor, or fire hazards.
- In another instance, the wiring harness was routed over the exhaust gas recirculation valve, which melted the harness and caused a fire.
- Another reported engine fire occurred when fuel leaked from a frequency valve installed by a modifier. This fire spread over the entire engine compartment, stopping only when the fuel supply line burned through and the vehicle stalled, causing the fuel pump to stop.
- In one vehicle one exhaust pipe of a dual pipe system was welded shut, forcing all exhaust gas through a single pipe and increasing back pressure in the engine.

Many reports describe engine problems including knocking combustion, poor driveability, lack of idle stabilization, and lack of power. These problems have many causes, including the high compression ratio of the European version (which is designed to run on high octane leaded gasoline), poorly designed modifications, or lack of durability in the modifications. Altogether, 24 percent of the vehicles described in the MBNA survey as "partially" or "completely" modified had problems severe enough to cause a visit to a dealership or to cause the service personnel to note the problem on the survey report.

A final safety hazard which cannot be ignored is the lack of safety defect protection for the gray market owner. By law and NHTSA interpretation, neither the original manufacturer nor the authorized importer and its dealers are responsible for defect notification and recall for the gray market car. And in fact, NHTSA has recognized that, since the manufacturer's records are unlikely to contain data on owners outside the country of original sale, "no realistic mechanism for [conducting such a recall] exists." NHTSA Report to the Committees on Appropriations at 8 (February, 1985). Administrator Steed regards this to be a problem "requiring our immediate attention." Letter from Steed to Rep. Wirth (October 2, 1984). To date, however, no NHTSA action has been taken.

D. DOT Enforcement

The modification requirement is not only unenforced, it is virtually unenforceable. Even when the total volume of gray market importation was far lower than today, DOT essentially abdicated its responsibility to police compliance with the law. 4/ While DOT's position strains the meaning of the Act and the conditional importation regulations, it may well stem from a basic fact: compliance with federal safety standards is essentially impossible in the conditional importation context, so that any effort to police compliance is a waste of federal time and money.

DOT has taken the position that the owner of a noncomplying vehicle may simply pay a civil penalty, and/or forfeit the bond, and keep the vehicle. 5/ This policy means that an exemption from the safety standards may be purchased from the government -- certainly an outcome Congress never contemplated in 1966 and cannot condone in 1984. The Safety Act requires, not partial compliance, but full compliance with its standards and regulations.

The solution to the problem cannot be found in increased enforcement. Such enforcement would be prohibitively expensive, since, as NHTSA Administrator Diane Steed has previously indicated, it would entail a detailed inspection of each vehicle. 6/ In addition, it is likely to be futile: even a detailed inspection cannot detect whether a side door will withstand the required 7,000 to 12,000 pounds of pressure (FMVSS 214), whether the interior fabric will burn at a rate of less than four inches per minute (FMVSS 302), or whether the fuel system will rupture or fuel will spill in a barrier crash or rollover accident. (FMVSS 301). In a letter dated October 2, 1984 from NHTSA Administrator Steed to Rep. Timothy Wirth, NHTSA noted that inspection

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4/ NHTSA's February, 1985 report to the House and the Senate Appropriations Committees acknowledges the pervasive "potential for, and existence of, fraud," including the use of "libraries" of "photographs depicting compliance with specific safety standards by vehicle model and color," used to present false compliance statements to the Agency. However, NHTSA states that "the volume of gray market vehicles imported is such that, in the majority of cases, documentation is accepted in good faith if compliance is indicated." Report at 9.

5/ *See* DOT "Dear Importer" Letter.

6/ Letter to Rep. Wirth (October 2, 1984). NHTSA reports that gray market cars are entering this country at a rate of 5,000 per month, or 160-170 per day. If an inspector can investigate four cars per day, this means that NHTSA would have to employ at least 40 inspectors and station them around the country to perform their task.

> would be a resource-intensive approach that still may not absolutely ensure compliance with all standards, since some standards would have to be tested dynamically.

Moreover, in its "Dear Importer" Letter, DOT indicates that true compliance is very difficult to attain:

> You should note that for some requirements dealing with crash survivability, specifically FMVSS Nos. 203, 204, 207, 208, 210, 214, 216, 219, and 301, where applicable (see Enclosure 1), proof of compliance is difficult to achieve without the manufacturer's compliance statement * * *.

Similarly, the Senate Commerce Committee has previously recognized that modification may not be "practicable" under today's safety standards. S. Rep. No. 283, 98th Cong., 1st Sess. 25 (1983).

The key question in any federal spending decision is whether the expenditure is worthwhile. Federal safety standards already apply to the original manufacturers. The most that can be gained from a program of increased federal inspection is that gray market vehicles will come up to the standards already met by both domestic and imported auto manufacturers. But this goal -- difficult or impossible to achieve as it is -- can be met only by spending millions of federal dollars. 7/ At a time when a primary national goal is the reduction of the federal deficit and the elimination of unnecessary programs, the only reasonable solution to the gray market noncompliance problem is to close the loophole from which it arises.

III. Revenue Losses

The gray market also represents a loss of government revenues, primarily in the form of lost gas guzzler taxes and civil penalties under the corporate average fuel economy (CAFE) standards.

Although the vehicles are subject to the gas guzzler tax upon the importer's initial sale of the vehicle in this country, very few importers pay. In California, the IRS has formed a "Gas Guzzler Task Force" to collect the tax. Unofficial IRS estimates indicate a loss of approximately $30 million per year in revenue. Gas guzzler tax rates for model year 1985 extend as high as $2,650 per vehicle. Since model year 1983, the tax has been above $1,000 per vehicle for any vehicle which operates at less than 15 miles per gallon. In model year 1985, the tax on such a vehicle reached $1,500. Since most grey market vehicles are large luxury models, it is therefore likely that many of them should be assessed taxes of over $1,000 per vehicle. At the current volume of importation, then, a tax loss of $30 million may be a conservative estimate.

Gray market vehicles are also not currently included in enforcement of the corporate average fuel economy laws. Under those laws, the manufacturer pays a civil penalty for each automobile which exceeds the required fuel economy for that year. Since the original manufacturer does not plan to import the gray market vehicle, it is not included in his fuel economy submission. The status of the importer is unclear under the law and regulations; the salient point is that no fuel economy rating is recorded. The penalty is $50 for each mile-per-gallon by which each vehicle exceeds the standard, with some limitations.

7/ In FY 1984, NHTSA spent more than $655,000 in overseeing gray market paperwork. Letter from Administrator Steed to Rep. Timothy Wirth (Oct. 2, 1984). Comparable figures for EPA and Customs have not been made public. NHTSA expects to spend over $900,000 in FY 1985. Report to the Committees on Appropriations at 10 (February, 1985).

Thus, in addition to requiring the expenditure of federal funds to oversee the conditional importation process, gray market vehicles do not provide the federal revenue which would be recovered from a comparable United States version vehicle.

IV. Consumer Complaints and Problems

In addition to the noncompliance and safety hazards described above, gray market vehicles carry with them a wide variety of consumer pitfalls, and, by extension, problems for the authorized dealers to whom consumers take their vehicles for service.

A. Service Availability

The purchaser of a gray market vehicle discovers that it is difficult to obtain authorized service for the vehicle. Due to the extensive differences between the European and United States versions, authorized United States dealers are neither equipped nor trained to provide proper service. And, even if they were able to service the straight European version -- which is the only vehicle for which the manufacturer can provide guidance -- they cannot always service a modified vehicle.

B. Dealer Liability

Dealers are concerned about their potential liability if they service gray market vehicles. They fear liability to the customer if they perform repairs on a federalized automobile and the consumer subsequently has further trouble -- of any kind -- with the car. They also fear liability under federal and state tampering laws if they try to correct the performance problems caused by inept federalization.

C. Product Image

Gray market owners may already be disappointed in the vehicle they have purchased. When they take the vehicle in for service, their frustration is only compounded by the news that their problems were caused by the modification and the dealer cannot guarantee the efficacy of repairs. These circumstances tarnish not only the dealer's local reputation, but also the image of the Mercedes-Benz product itself, an image that has been built up over several decades of conscientious attention to the service needs of the customer.

D. Warranties

Cars sold by MBNA to its dealers in the United states carry a four-year 50,000 mile warranty. Cars produced by Daimler-Benz for sale in other countries carry a one-year unlimited mileage warranty, which starts running when the vehicle is first registered in the country of destination or, if not registered, delivered from the factory. The warranty is cancelled for all parts directly or indirectly affected by the modifications. And, since it is of limited duration, even "new" gray market vehicles usually have only a short warranty period remaining when they reach the United States.

Gray market dealer "warranties" tend to be merely service contracts which require the customer to pay up front and then persuade the company to provide reimbursement. In addition, they are often of more limited coverage than the manufacturer's warranty.

E. Trade-Ins

Gray market vehicle owners meet further difficulties when the time comes to sell their car. Dealers report that their legal counsel advise them not to accept as a trade-in any federalized vehicle, on the ground that if they accept the car and resell it in the used car market, they become responsible to the purchaser for the modifications. A number of major auto auction houses, which handle large volumes of used cars, now refuse to accept "European conversions." The NADA Used Car Guide, widely used for determining the value of used cars, now carries the following warning:

> An unknown number of "gray market" imported cars enter the marketplace each year. "Gray market" is a term often used to describe imported cars which enter the U.S. via channels other than factory-authorized imports. It is possible many "gray market" cars do not fully meet federal standards. This condition might result in substantial lessening of the car's market value.

F. Insurance Fraud

Insurance companies have found that discontented gray market owners may stage fraudulent thefts and vehicle accidents to dispose of their purchase. According to an article in Automotive News (November 19, 1984), the most common source of fraud is the gray market owner who did not know about the expense of the conversion. The owner will apply for insurance by asserting that the vehicle is in full compliance. Once a policy is written, vehicles are reported stolen and -- if later recovered -- are found wrecked, burned, or heavily damaged in solo accidents. The owner will then recover the full value of a complying United States version vehicle. According to Automotive News, State Farm Insurance now refuses to insure such vehicles without a physical inspection.

Conclusion

Mercedes-Benz of North America fully supports legislation to solve the gray market problem. It is certainly appropriate in these days of budget-cutting and cost-consciousness to eliminate a loophole which offers no safety benefit and which costs the federal government millions of dollars in compliance oversight and lost tax revenues. The American consumer enjoys a wide array of choice among dependable vehicles which meet United States specifications and are supported by established parts and service facilities. MBNA supports an amendment of the Safety Act in the interest of fairness and justice to hundreds of United States dealers and their employees, in the interest of fairness and justice to manufacturers who have spent and are continuing to spend hundreds of millions of dollars developing high quality safety engineering and compliance and recall procedures for their U.S. fleet, and in the interest of fairness and justice to consumers who should be protected from purchasing vehicles they think comply with all standards they have come to expect from U.S. version vehicles. Prompt action will benefit American consumers, protect American dealers, and help to assure that safe vehicles are operating on United States highways.

STATEMENT OF WILLIAM J. REIDY, PARTNER, COOPERS & LYBRAND

I AM WILLIAM J. REIDY, PARTNER IN THE FIRM OF COOPERS & LYBRAND IN CLEVELAND, OH. I AM HERE TODAY IN MY CAPACITY AS A MEMBER OF THE POLICY COMMITTEE OF THE COMMUNITY CAPITAL INVESTMENT STRATEGY, A PUBLIC-PRIVATE PARTNERSHIP ESTABLISHED UNDER THE AUSPICES OF THE GREATER CLEVELAND GROWTH ASSOCIATION (OUR CHAMBER OF COMMERCE) TO DEVELOP A WORKABLE FINANCING PLAN FOR REHABILITATING OR REPLACING THE HIGHWAYS, BRIDGES, TRANSIT, WATER, AND SEWER SYSTEMS IN THE CLEVELAND AREA IN THE 1980'S.

IN MY TESTIMONY TODAY I WOULD LIKE TO URGE YOUR MOST SERIOUS CONSIDERATION OF OUR REQUEST FOR DISCRETIONARY FUNDS UNDER THE IX PROGRAM FOR URGENTLY NEEDED PROJECTS IN OHIO'S HIGHWAY AND TRANSIT SYSTEMS. IN THIS REGARD I WANT TO SUPPORT AND REITERATE WHAT SENATOR JOHN GLENN RECENTLY SAID TO THIS COMMITTEE, AS WELL AS WHAT OUR FRIENDS FROM NOACA (NORTHEAST OHIO AREAWIDE COORDINATING AGENCY) HAVE SAID TO YOU TODAY. MR. CHAIRMAN, IN THIS REQUEST OHIO'S PUBLIC AND PRIVATE SECTORS SPEAK WITH ONE VOICE: THE FUNDS WE REQUEST, ENTITLED TO US BY LAW, ARE ESSENTIAL INVESTMENTS IN THE PRESENT ECONOMIC VITALITY AND FUTURE DEVELOPMENT OF OUR STATE.

SPEAKING FROM THE PRIVATE SECTOR POINT OF VIEW, LET ME STRESS THAT IT IS OUR BELIEF THAT OHIO'S ECONOMIC VITALITY, IN THE SHORT AND LONG TERMS, DEPENDS ON A VIABLE PUBLIC CAPITAL PLANT JUST AS MUCH AS IT DOES RENEWED PRIVATE CAPITAL PLANTS AND EQUIPMENT. THIS NEED IS EVEN MORE CRITICAL IN OHIO'S CASE, AS OUR STATE IS UNDERGOING A PROTRACTED AND SOMETIMES PAINFUL

FUNDAMENTAL TRANSFORMATION OF ITS ECONOMY. IN OUR CASE THE FUNDS WE REQUEST ARE OVERWHELMINGLY FOR THE REHABILITATION AND RENOVATION OF EXISTING FACILITIES.

LET ME GIVE YOU AN EXAMPLE OF HOW WE'VE USED THIS SORT OF FUNDING IN THE PAST. A FEW YEARS AGO THE CLEVELAND FIRM OF TRW, INC. - MANUFACTURER OF TRANSPORTATION AND AEROSPACE COMPONENTS - WAS LOOKING TO BUILD A NEW WORLDWIDE CORPORATE HEADQUARTERS. ONE OF THE PROBLEMS THEY FACED WAS ROAD ACCESSIBILITY TO THEIR PROPOSED SITE IN LYNDHURST, OHIO IN SUBURBAN CLEVELAND. THE LAND WAS AVAILABLE, THE CORPORATION WAS WILLING TO INVEST ITS FUNDS (MORE THAN $80 MILLION), BUT DUE TO WOEFULLY INADEQUATE AND OUTMODED HIGHWAY ACCESS, THE ENTIRE PROJECT AND THE HUNDREDS OF NEW JOBS IT REPRESENTED, WERE IN JEOPARDY. IT WAS ONLY THROUGH THE USE OF IX FUNDS THAT THE REQUISITE HIGHWAY IMPROVEMENTS WERE OBTAINED TO ENABLE THIS PROJECT TO GO FORWARD.

I WANT TO EMPHASIZE THAT THE HIGHWAY AND TRANSIT PROJECTS WE REQUEST FUNDING FOR ARE NOT GRANDIOSE SCHEMES TO REBUILD BABYLON. ON THE CONTRARY, THEY ARE NO-FRILLS, SOUND AND "DO-ABLE." THEY ARE URGENT AND NECESSARY INVESTMENTS IN THE ECONOMIC DEVELOPMENT OF OUR STATE. AND WE ARE PREPARED TO BACK THAT STATEMENT UP BY APPLYING OUR SCARCE LOCAL RESOURCES TO GETTING THESE PROJECTS COMPLETED AS SOON AS POSSIBLE.

LET ME ELABORATE ON THE POINT OF LOCAL COMMITMENT.

AS EARLY AS 1981 THE PUBLIC AND PRIVATE SECTORS IN OUR COMMUNITY

REALIZED THE URGENT NEED TO REPAIR OR REPLACE MAJOR COMPONENTS OF OUR ROAD, BRIDGE, TRANSIT, SEWER, AND MUNICIPAL WATER INFRASTRUCTURE. WE FORMED THE COMMUNITY CAPITAL INVESTMENT STRATEGY IN ORDER TO FORMULATE A COORDINATED, COMPREHENSIVE, AND WORKABLE PLAN FOR ADDRESSING THESE INFRASTRUCTURE NEEDS. ACTING IN CONCERT WITH ESTABLISHED MECHANISMS FOR OBTAINING FEDERAL ASSISTANCE, SUCH AS NOACA, WE DEVELOPED A PLANNING AND FINANCING PROGRAM WHEREBY OUR BASIC INFRASTRUCTURE NEEDS COULD BE MET.

PLANNING WAS COMPLETED IN FOUR KEY STEPS. FIRST WE SURVEYED THE TOTAL INVESTMENT NEEDS AND PROJECTED FUNDING. FACED WITH A HUGE FINANCING GAP, WE NEXT REASSESSED THESE NEEDS WITH A COMMON SET OF GUIDELINES, OR CRITERIA: HEALTH AND SAFETY, IMPORTANCE TO SYSTEM, AND SO FORTH. THE RESULT OF PARING DOWN AND POSTPONING WAS A PROGRAM OF ABOUT $1.6 BILLION OF NEEDS OVER THE NEXT HALF-DOZEN YEARS, WITH INFLATION; LOCAL, STATE AND FEDERAL FUNDS FOR ABOUT HALF OF IT ARE FORESEEABLE, LEAVING AN ESTIMATED SHORTFALL OF $650 to $850 MILLION. THIRD, MANY ALTERNATIVES FOR FINANCING THIS SHORTFALL WERE REVIEWED. FINANCING METHODS ADOPTED WERE AIMED AT THE USER AS MUCH AS POSSIBLE AND WERE CONSIDERED TO BE PRACTICABLE. IX FUNDING FOR HIGHWAY AND TRANSIT IS AN ESSENTIAL PIECE OF THE MINIMUM INFRASTRUCTURE REFURBISHMENT ABSOLUTELY NECESSARY TO MEET THE NEEDS OF CLEVELAND.

THIS JOINT PROGRAM TO KEEP OUR AREA ON ITS FEET IS ANOTHER EXAMPLE OF SOLID EVIDENCE OF COMMITMENT BY CLEVELAND'S PUBLIC

AND PRIVATE SECTORS I REFERRED TO EARLIER. IN EARLY 1983, THE POLICY COMMITTEE ADOPTED A STRATEGY TO BE PURSUED, AND WE HAVE BEEN RECENTLY MOVING FROM PLANNING TO ACTION WITH OUR COOPERATIVE PROCESS IN PLACE AND FUNCTIONING.

THIS PHASE OF THE PROCESS IS CALLED THE "BUILD UP GREATER CLEVELAND PROGRAM" AND IS DIRECTED AT RAISING PUBLIC AWARENESS OF THE SCOPE OF OUR INFRASTRUCTURE NEEDS AND WHAT WE MUST DO TOGETHER - INCLUDING RAISING LOCAL TAXES AND INCREASING USER FEES - TO ASSURE OUR FUTURE.

OVER THE YEARS SINCE THE INTERSTATE SYSTEM WAS INITIATED IN 1956, OHIO TAXPAYERS HAVE CONTRIBUTED OVER A BILLION DOLLARS MORE TO THE HIGHWAY TRUST FUND THAN THEY RECEIVED IN FEDERAL HIGHWAY INVESTMENT. OHIOANS HAVE MADE THIS CONTRIBUTION TO THE NATIONAL INTEREST WILLINGLY IN THE BELIEF THAT OUR NEEDS WOULD BE FAIRLY AND EQUITABLY CONSIDERED BY CONGRESS AND DOT. OUR PEOPLE HAVE CONSISTENTLY SUPPORTED TAX INCREASES TO BUILD AND MAINTAIN THE FEDERAL-AID HIGHWAY SYSTEM, AND TO SUPPORT UMTA PROGRAMS AS WELL.

IN SUMMARY, MR. CHAIRMAN, THE PUBLIC AND PRIVATE SECTORS OF OUR AREA ARE UNIFIED ON THE ISSUE OF THE NECESSITY OF THESE IX FUNDS. WE CONSIDER THAT THE HIGHWAY AND TRANSIT FUNDS WE REQUEST WILL BE SOUND INVESTMENTS WHICH WILL CONTRIBUTE SIGNIFICANTLY TO INCREASED PRODUCTIVITY AND ECONOMIC DEVELOPMENT OF OUR AREA AND STATE.

WE ARE AS CONCERNED AS ANY AMERICANS ABOUT THE NATIONAL BUDGET

DEFICIT, BUT WANT TO POINT OUT THAT WE ARE REQUESTING ONLY ONE HALF OF THE IX FUNDS TO WHICH WE ARE ENTITLED BY LAW AND THAT THE MONIES WOULD BE USED IN AN AREA WHICH HAS DEVELOPED A PUBLIC/PRIVATE PROGRAM OF INFRASTRUCTURE PLANNING AND FINANCING DESIGNED TO YIELD THE MOST EFFECTIVE AND EFFICIENT USE OF SCARCE FEDERAL, STATE, AND LOCAL RESOURCES.

THANK YOU VERY MUCH.

Statement of Dan Thurman, Aerotech Control Systems, Inc.

IMPERATIVE AMENDMENTS TO NASP

Throughout history, the human race has used its mentality to produce cultures of various entities. History teaches us that these cultures rose and fell for many reasons, but most dominant among these reasons was how they utilized their available technology of the times and their resources.

In all these societies, the two most significant pillars of progress were "Transportation" and "Communication" and how they were managed. From the Roman Empire to Modern America, these two features of progress were not only significant but absolutely essential. Strong traces of advancement, plus periods of recession, can be historically tied to these two key forces.

As with any process, transportation and communication can be beneficially used or detrimentally mis-used. America has a 200 year history of both, but has been very fortunate, to date, by rapid development of new techniques and methods before the previous ones were rendered obsolete.

In the transportation field, look back at the rivers-canals, horse and buggy, railroads and motor vehicles. Each has lost its place as a viable method of transportation for a variety of reasons - - some realistic and some through abuse. Aviation, the most recent newcomer to the world of transportation, has also had its problems, but has prevailed so far in its vast variety of applications. This may be our last shot at preserving a vital transportation medium. It is imperative that we do everything possible to "promote" the beneficial use of our airspace and avoid any program that would impair its utility by any user or potential user.

This has been the subject of my endeavors since 1969. The enclosed "Computerized Airspace Control System" addresses the expansion opportunities of aircraft usage for the future and avoids any un-necessary restrictions or costs where technically possible. As "time" has become one crucial factor, I have attempted to use existing State-Of-The-Art devices, while providing for the future incorporation of techniques not yet developed.

Please study this proposal with the importance of "what" and "when" our aviation community is justly due, at this time in history.

Dan Thurman
Dan Thurman

Patent Pending

COMPUTERIZED AIRSPACE CONTROL SYSTEM

Between 1960 and 1970, it was apparent to most participants that the ATC system was heading toward a saturation point in which "restriction by regulation" would ultimately be necessary. The introduction of technical devices, including a broader use of autopilots in smaller aircraft and radar enhancement for the Controller, prolonged the inevitable into the 1980s, i.e., the current system is now saturated.

Therefore, the criteria in developing this new system is primarily focused on eliminating the "limits" of the existing ATC System while looking toward future expansion without undue limitations. The following points are deemed necessary to accomplish revamping of the current ATC System:

1. Permit each pilot, at any time, to submit a flight plan request in a simple manner and get an immediate clearance approval at, or near, his request.

2. Simplify the "official" clearance of any aircraft to only four (4) pieces of information.

Destination -- 3 letters
Altitude -- 3 digits
Heading -- 3 digits
Air Speed -- 3 digits

3. Provide means to immediately clear a "reserved" airspace for the entire flight, take-off to landing, plus means to continually update that reserved space as events change.

4. Replace the present "wagon wheel spoke" system of airways with a symmetrical, grid form of airlanes with headings at 22½° and at each flight level. "Coordinate Geometry" can then be utilized by the computer to enhance pre-programming, plus utilize all the available airspace.

5. Provide a terminal program for each airport that is tied into the en-route system so all departures and arrivals may be "sequenced" ahead of time and avoid the accordian effect that gangs up traffic.

6. Provide a data-link terminal in each cockpit for direct communication with computer without voice, plus provide the navigation information from the "aircraft", not a ground radar. In this manner, both the controlling device (computer) and the pilot are using the same data as primary navigation source.

7. Allow each pilot to utilize the enormous power of the ground-based computer through his economical cockpit terminal. This provides pilots with visual displays of not only his "clearance" but also such needed items of information as "altimter setting", "airlane number", "active runway", "estimated time of arrival" and many other optional but valuable items to the pilot. All without "voice" and "copying" requirements.

8. The human "ground controller", perhaps the person with the most "inhuman" job under the present system, should be put into a position to act as an overall safety supervisor of the entire operation. With the substantial calculations and communication mental relief afforded by the computer, the controller can now use his vast training and experience to monitor all happenings on an expansive video screen, plus the supportive radar tube which is also programmed into the computer as a safety back-up.

9. Safety, the necessary aviation factor that everyone has a stake in, is a constant consideration in developing this new system. Clear weather mid-airs and other sad but avoidable accidents, dictate a fast, efficient control system with instant options available to fit situations and safety "back-up depth". Three tiers of monitoring would provide this safety depth:

a. Computer programming and communication directly with the pilot's airborne terminal every second.

b. Radar, with its associated accessories, programmed into the computer program as a safety back-up for position and double checking computer data.

c. Controller, with the mental time to think, can monitor the computer display screen, the radar tube and have fingertip control to intercede under any circumstance. Projected "time display" will also be available to the controller so he can review situations before they occur.

10. Economy must be very much a part of any program that involves a cost-benefit industry. Moon-shot style costs should be avoided by shunning the temptation to write a blank check just because it is aviation. As is often the case, existing and familiar tools and talents can produce a result superior to "new inventions". The VOR/DME navigation is efficient enough to feed an automatic system and is in most all aircraft already, with familiar use experience. Existing and/or immediately available main-frame computers can be installed without delay. Radio wave data-link terminals are not mysterious or expensive devices. Controller station design and computer programming are both involved, but can still be kept down in cost far below any other proposals. With billions of dollars riding on air traffic control direction at this time and much more on its usefulness, we should be very careful on the judgments made now.

QUESTIONS AND ANSWERS

This section covers some of the more typical questions that have been asked to date by various aviation personnel when briefed on the system. Many other questions will arise, some of which will require committee resolution to answer.

Q. Will all registered aircraft have to invest in a "Data-Link Terminal"?
A. Not necessarily. Aircraft not equipped however, will be restricted to certain areas and altitudes that are outside the controlled airspace. To a great extent, these type aircraft are so restricted today.

Q. How about cost to the airplane owner?
A. Approximately $2,000.00.

Q. Will a "Computer Terminal" be overly difficult for some pilots to use, especially under duressing conditions?
A. No. Not when compared to the mental-voice process now utilized, with the necessity to "copy" in the cockpit. The terminal is easy to program, visual in display and allows more leisurely interpretation.

Q. As a jet pilot, I fly direct course most of the time. Will this system decrease my efficiency?
A. Probably not - it will tend toward more efficiency over-all. The maximum deviation of a 22½ degree dog-leg is only 5% more than an ideal straight line. Also, staging efficiency during climb, en-route and descent to landing will more than make up the difference.

Q. As a VFR pilot, can I still just take off and fly around in good weather conditions?
A. Yes. A requested destination "ZZZ" will produce an "open clearance" and a destination that is the same as your departure airport. This type of clearance will require you to dial in a usable VOR/DME signal so the computer can keep track of your position and altitude so as to avoid other traffic. Heading and/or altitude instructions may be directed to you by the computer to avoid other traffic. Also, certain areas will be restricted under this type clearance just as they are today.

Q. Can I deviate from course to avoid severe weather or turbulence?
A. Yes, by programming a "new course" and sending the request, the computer will recognize this as "a course deviation only" and provide the clearance requested, if not in conflict with other traffic. When past the weather, all the pilot has to do is press "MEM" and

"SEND" to instruct the computer to recapture the best course to destination again.

Q. How about emergencies?

A. The "Ground Controller" will always be brought into any airborne emergencies by voice contact on the "listening" frequency assigned. The computer will be programmed to direct the aircraft, if deemed desirable, and will be set up to guide the aircraft to a nearby airport. This program will be set up in three (3) categories:

A. Can sustain flight - want the nearest, best airport.

B. Have partial power - want the nearest qualified airport.

C. Complete loss of power, cannot hold altitude - need nearest airport within glide range.

As the computer knows aircraft type and all airport configurations, it can react within one second! A triple "XXX" in the "DEST" window by the computer indicates no airport within glide range and prepare for a forced landing.

Q. Is there any way I can get more than just a "clearance" from such a sophisticated computer?

A. Yes, the terminal already gives you airlane number, altitude setting and E.T.A. However, we will program into the computer additional communication data that can be received by the pilot with an optional accessory. A relatively economical video tube, about the size of an airborne weather radar, can receive computer data on weather, other traffic, airport diagrams, pertinent information displays, etc.

Q. How much weather data can be incorporated into this system without interfering with essential "pilot prerogatives"?

A. Severe weather data that would endanger airborne aircraft can and should be inserted into this system. Depending on aircraft type, the computer would steer the aircraft clear of such weather. Deviation options of the pilot would, of course, be available at all times.

PROPOSAL

This proposal is directed toward obtaining the most efficient air traffic system, in the shortest possible time frame and at the most economical cost to the Government and the user public.

It is proposed that the Federal Aviation Administration enter into a three (3) part program with the proponent as follows:

1. Development and Evaluation program to generate the System details and equipment, produce a demonstration computer program, coordinate with FAA staff and other pertinent entities for detailed input and conduct selected industry conferences for user response data.

2. Field Demonstration program to develop an actual, limited area, system in which all components of the final system will function. This would include:

   a. Computer with programmed system.

   b. Two or more airports, one of which would include ILS/GS equipment.

   c. Printed navigational map of the affected area.

d. Six or more aircraft equipped with Data-Link Terminals and supporting equipment.

e. Two en-route controller stations with the proposed equipment.

f. One airport controller station with the proposed equipment.

g. Selected radar equipment programmed into the system.

h. Demonstration participants for all sectors of the aviation users, including military.

3. Deployment contract to install system in accordance with developed specifications and time schedules. This would include directing the manufacture and distribution of computers, communication network, airborne equipment, publications and training programs.

The above program is to be sequential in that a pre-arranged concurrence must be positive to continue the next phase.

It is strongly urged by the Proponent that a "Commercial Contract" concept be implemented on this program to avoid fracture of the system's integrity and to insure the timely completion of each phase. It is further recommended that an Oversight Committee be comprised of representatives from the appropriate government agencies and branches of government, with the technical abilities to comprehend the overall system, which from the onset would provide input and guidance throughout the project.

PURPOSE

The purpose of this system is to improve our present ATC system to a quality level needed and acceptable to all segments of the aviation industry. In designing this system, functional simplicity was deemed essential to take maximum advantage of high-tech options, while at the same time, avoiding being overwhelmed by available complexities.

The ultimate goal of any air control system must be the safe and efficient movement of aircraft from point (a) to point (b) through the airspace. To this end, both the aircraft pilot and the ground controller must be given the proper tools with which to operate, without placing a severe burden on either.

Further, our national economy and health of the aviation industry dictates that a modern and expandable aircontrol system be put in place without undue delay and without placing an unnecessary financial burden on any participant, including the taxpayer.

The above considerations were carefully and completely incorporated in this "Computerized Airspace Control System".

THE SYSTEM

Navigation: This system utilizes the present VOR/DME Nav-aids already in place throughout the United States which presently cover more areas than any other methods. Future navigation devices and concepts may be incorporated later when their merit is proven and their cost is not a burden. All aircraft using our present controlled airspace already have this equipment on board and experience in its uses is universal.

Airways: This system would eliminate the present "Victor" airways network, which overly concentrates traffic over certain areas while leaving vast voids of unused airspace. The new airlanes would be a geometric pattern of parallel "grid lines" approximately 25 n.m. apart. Grid patterns would be established for each 22½ degree heading and be repeated at each flight level, both VFR and IFR.(See Figure 2.).

The computer program will direct, monitor and control all aircraft along these "grid line" airlanes. Maximum use of all airspace is thus possible with the actual flight distance between any two points in the U.S. being within 2% of "straight-line" distance. Communication between aircraft and computer will be via a microwave data link, thereby eliminating the need for voice except as an emergency standby. Each pilot thus would be in constant contact with the control computer through this on-board "terminal" console, with information transfers 60 times per minute. Navigation and position data will be available to the computer program from the aircraft through this data link as well as altitude from the aircraft encoding altimeter.

Airport Terminals: The computer program will be able to direct and monitor each aircraft flight path from take-off at departure airport to final approach at destination. With proper projection for time, speed and distance, each aircraft will be assured of safety separation position and sequenced arrivals to avoid congestion with other traffic. In this manner, each airport can obtain their maximum safe utility commensurate with local runways and weather conditions.

Equipment: Ground based equipment, much of which is already on hand, would consist of the following major compenents (see Figure 1.):

1. Regional computers with programming.
2. Radar monitors.
3. Microwave data link system, with relay antennas.
4. Sector controller stations, with appropriate pictorial display and control console.
5. Airport controller stations.
6. National computer, with necessary interface to regions.

Airborne equipment will consist of a console, which is the computer terminal link, plus program/display for flight plans. (See Figure 3.) This console will have provisions for navigation radio input, plus encoder altimeter input. With an estimated cost of under $2,000.00, the console provides the pilot with a communication link to the control computer without using the voice radio. The LCD windows provide a continuous display of all pertinent flight information/clearances connected with the particular flight.

Collision avoidance system is automatically included in the console, with both computer and radar monitor activiation. Flashing arrows, plus an alarm horn, are designed to produce immediate pilot response. The ground controller may also activate this system from his console, if the need arises.

Each aircraft will have an "Identification Code" permanently programmed into its console, which will be part of the computer communication response. This will give the computer a complete flight profile of the aircraft by virtue of information on file with the central computer. All clearances and instructions from the computer will be programmed to fall within this profile.

STATEMENT OF JEROME BUTLER, COMMISSIONER, CITY OF CHICAGO DEPARTMENT OF PUBLIC WORKS

MY TESTIMONY BEFORE YOU, TODAY, IS CONCERNED WITH THE INTERSTATE TRANSFER PROGRAM. LAST YEAR, THIS COMMITTEE EARMARKED $131.5 MILLION FOR CHICAGO PROJECTS. WE ARE MOST GRATEFUL TO YOU FOR THIS RECOGNITION OF OUR NEEDS. FOR 1986, WE ARE REQUESTING $150 MILLION TO KEEP CONSTRUCTION ACTIVITY ON SCHEDULE. WE HOPE THAT YOU SEE FIT TO HONOR OUR REQUEST AND THANK YOU FOR THIS OPPORTUNITY TO DISCUSS THE INTERSTATE TRANSFER PROGRAM.

THIS PROGRAM IS OF PARTICULAR CONCERN TO US BECAUSE IT REPRESENTS THE SINGLE LARGEST SOURCE OF TRANSPORTATION CAPITAL FUNDING AVAILABLE TO ILLINOIS. IN FACT, ILLINOIS CONTINUES TO HAVE THE HIGHEST OUTSTANDING BALANCE OF INTERSTATE TRANSFER TRANSIT FUNDS IN THE NATION, ACCOUNTING FOR OVER 48% OF THE TOTAL. THESE FUNDS ARE BEING USED TO PROVIDE BADLY NEEDED MAJOR IMPROVEMENTS TO THE CHICAGO AREA'S TRANSIT SYSTEM. PROJECTS SUCH AS THE CONSTRUCTION OF A NEW SOUTHWEST RAPID TRANSIT LINE; CONNECTION OF THE HEAVILY USED HOWARD AND DAN RYAN SERVICES; RENOVATION OF THE HISTORIC LOOP EL LINE DOWNTOWN; AND MODERNIZATION OF THE CITY'S OUT-DATED TRANSIT STATIONS ARE KEY ELEMENTS OF OUR PROGRAM. EACH IS EAGERLY AWAITED BY THE PUBLIC AND SUPPORTED BY ALL THE REGIONAL AGENCIES, THE STATE AND UMTA.

WE ARE, THEREFORE, SERIOUSLY CONCERNED OVER THE ADMINISTRATION'S PROPOSED REDUCTION IN FUNDING FOR INTERSTATE TRANSFER PROJECTS. BOTH THE ORIGINAL AND COMPROMISE BUDGETS PROPOSE TO COMBINE THE TRANSIT AND HIGHWAY SUBSTITUTE PROJECTS UNDER THE HIGHWAY TRUST FUND. THE RESULT WOULD BE A REDUCTION OF $225 MILLION, WHICH IS A 24% CUT FROM 1985 LEVELS. ALL OF OUR PROJECTS ARE EITHER ALREADY UNDER CONSTRUCTION OR WILL BE BEFORE 1986 FUNDS BECOME AVAILABLE. ANY REDUCTION IN FUNDING BELOW THE 1985 LEVEL WILL INEVITABLY CAUSE PROJECT DELAYS, AND DRIVE UP COSTS.

THE PROPOSED FUNDING REDUCTIONS ARE ESPECIALLY VEXING IN VIEW OF THE VALUE-FOR-VALUE BARGAIN WHICH WAS STRUCK BETWEEN THE FEDERAL GOVERNMENT

AND INTERSTATE TRANSFER RECIPIENTS WHEN LOCAL HIGHWAY PROJECTS WERE TRADED-IN. IN ACCEPTING THE TRANSFER OFFER AND SUBMITTING PLANS FOR SUBSTITUTE PROJECTS, WE AND OTHER TRANSFER RECIPIENTS RELIED UPON AN UNDERSTANDING THAT FEDERAL MONIES WOULD BE MADE AVAILABLE IN A TIMELY FASHION. FUNDING DELAYS ERODE THE PURCHASING POWER OF THE LIMITED INTERSTATE TRANSFER POT. WE AND OTHER RECIPIENTS COULD BE LEFT WITH INCOMPLETE OR CANCELLED PROJECTS; PROJECTS IN WHICH MUCH TIME AND MONEY HAS ALREADY BEEN INVESTED. IF THE PROPOSED BUDGET REDUCTIONS ARE ENACTED, IT WOULD SEEM THAT WE MAY HAVE RELIED ON THE FEDERAL GOVERNMENT'S OFFER TO OUR DETRIMENT.

WE THEREFORE URGE THAT THE COMMITTEE MAINTAIN INTERSTATE TRANSFER TRANSIT FUNDS AT THE 1985 LEVEL OF $250 MILLION TO HELP FULFILL THIS VALUE-FOR-VALUE AGREEMENT. THANK YOU AGAIN FOR YOUR TIME AND COURTESY IN HEARING CHICAGO'S REQUEST FOR $150 MILLION TO KEEP OUR CONSTRUCTION PROGRAM ON SCHEDULE ALONG WITH OUR EXPRESSION OF SUPPORT FOR A $250 MILLION NATIONAL PROGRAM.

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